

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

**\$20,000,000**  
**SANGER UNIFIED SCHOOL DISTRICT**  
**(Fresno County, California)**  
**General Obligation Bonds**  
**Election of 2018, Series A**

**Dated: Date of Delivery**

**Due: August 1, as shown on inside front cover**

**Authority and Purpose.** The captioned General Obligation Bonds, Election of 2018, Series A (the "Bonds") are being issued by the Sanger Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on January 22, 2019. The Bonds were authorized at an election of the registered voters of the District held on November 6, 2018, which authorized the issuance of \$70,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities (the "2018 Bond Authorization"). The Bonds are the first series of bonds to be issued under the 2018 Bond Authorization. See "THE BONDS – Authority For Issuance" and "THE FINANCING PLAN" herein.

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

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

**Payments.** The Bonds are dated the date of delivery and will accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2019. Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, St. Paul, Minnesota, 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 – Optional Redemption" and "-Mandatory Sinking Fund Redemption."

**Municipal Bond Insurance.** The scheduled payment of principal of and interest on the Bonds maturing on August 1, 2028 through August 1, 2048, inclusive (collectively, the "Insured 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."




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**MATURITY SCHEDULE**  
(See inside cover)

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

*The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado 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 June 6, 2019.*

STIFEL

## MATURITY SCHEDULE

### SANGER UNIFIED SCHOOL DISTRICT (Fresno County, California) General Obligation Bonds Election of 2018, Series A

Base CUSIP<sup>†</sup>: 800851

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP <sup>†</sup>
2020	\$2,355,000	3.000%	1.340%	QT7
2021	2,005,000	4.000	1.350	QU4
2028*	170,000	5.000	1.760	QV2
2029*	205,000	5.000	1.850	QW0
2030*	245,000	4.000	2.020 <sup>C</sup>	QX8
2031*	290,000	4.000	2.150 <sup>C</sup>	QY6
2032*	335,000	4.000	2.300 <sup>C</sup>	QZ3
2033*	385,000	4.000	2.420 <sup>C</sup>	RA7
2034*	435,000	4.000	2.520 <sup>C</sup>	RB5
2035*	490,000	4.000	2.610 <sup>C</sup>	RC3
2036*	550,000	4.000	2.680 <sup>C</sup>	RD1
2037*	610,000	4.000	2.740 <sup>C</sup>	RE9
2038*	680,000	4.000	2.800 <sup>C</sup>	RF6
2039*	750,000	4.000	2.870 <sup>C</sup>	RG4

**\$4,895,000 - 3.000% Term Bonds maturing August 1, 2044\*; Yield: 3.180%; CUSIP<sup>†</sup>: RH2**

**\$5,600,000 - 4.000% Term Bonds maturing August 1, 2048\*; Yield: 3.060%<sup>C</sup>; CUSIP<sup>†</sup>: RJ8**

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

\* Insured Bonds.

C: Yield to call at first optional redemption date of August 1, 2029 at par.

**SANGER UNIFIED SCHOOL DISTRICT**  
**(Fresno County, California)**

**BOARD OF TRUSTEES**

Peter R. Filippi, *President*  
Ismael (Mike) Hernandez, *Vice President*  
G. Brandon Vang, *Clerk*  
Rick J. Duran, *Trustee*  
Jesse Solorio, *Trustee*  
Jesse Vasquez, *Trustee*  
Tammy Wolfe, *Trustee*

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**DISTRICT ADMINISTRATION**

Adela Madrigal Jones, *Superintendent*  
Eduardo Martinez, *Associate Superintendent, Administrative Services*  
Marsha Alfving, *Chief Financial Officer*  
Ryan Kilby, *Chief Operations Officer*

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**PROFESSIONAL SERVICES**

**MUNICIPAL ADVISOR**

Keygent LLC  
*El Segundo, California*

**BOND COUNSEL AND DISCLOSURE COUNSEL**

Jones Hall, A Professional Law Corporation  
*San Francisco, California*

**BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT**

U.S. Bank National Association  
*Los Angeles, 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 in accordance with, and as a part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**Stabilization of and Changes to Offering Prices.** The Underwriter may overallocate 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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**\$20,000,000**  
**SANGER UNIFIED SCHOOL DISTRICT**  
(Fresno County, California)  
**General Obligation Bonds**  
**Election of 2018, Series A**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the captioned General Obligation Bonds, Election of 2018, Series A (the “**Bonds**”) by the Sanger Unified School District (the “**District**”) of Fresno County (the “**County**”), State of California (the “**State**”).

## INTRODUCTION

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

**The District.** The District was unified in 1965 from the combination of separate school districts located within the current boundaries of the District. The area of the District consists of approximately 180 square miles, and encompasses the City of Sanger (the “**City**”), a portion of the cities of Fresno and Clovis, and adjacent portions of the County which are unincorporated. The District operates fourteen elementary schools, one middle school, one high school, three charter schools, three alternative schools and an adult school. Nine preschool centers are operated by the District. Enrollment in fiscal year 2018-19 is approximately 12,192 students. The District’s fiscal year 2018-19 total assessed value is \$4,230,479,556. See also Appendix C hereto for demographic and other statistical information regarding the City and the County.

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

**Authority for Issuance of the Bonds.** The Bonds will be issued pursuant to the 2018 Bond Authorization, certain provisions of the Government Code of the State of California (the “**State**”), commencing with Section 53506 thereof (the “**Bond Law**”), and a resolution adopted by the Board of Trustees of the District on January 22, 2019 (the “**Bond Resolution**”). See “THE BONDS - Authority for Issuance” herein.

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

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

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

The District has other series of general obligation bonds outstanding that are payable from *ad valorem* taxes levied on taxable property in the District. See “DEBT SERVICE SCHEDULES” and “DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations- General Obligation Bonds” in Appendix B.

**Municipal 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 (the “**Policy**”) for the Bonds maturing August 1, 2028 through August 1, 2048, inclusive (collectively, the “**Insured Bonds**”). The Policy guarantees the scheduled payment of principal of and interest on the Insured 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.** 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 the State personal income taxes. See “TAX MATTERS” herein.

**Other Information.** This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the Superintendent’s Office at 1905 Seventh Street, Sanger, California 93657, Telephone: (559) 524-6521. The District may impose a charge for copying, mailing and handling.



## THE FINANCING PLAN

2018 Bond Authorization. The proceeds of the Bonds will be used to finance projects approved by the voters at the Bond Election, which authorized the issuance of \$70,000,000 principal amount of general obligation bonds for the purpose of financing the construction and improvement of school facilities, together with related costs of issuing the Bonds. The abbreviated form of the 2018 Bond Authorization is as follows:

*“To continue improving college/career preparation and reduce overcrowding by constructing the Sanger Unified School District Educational Complex including vocational/career education classrooms/labs; wiring/technology infrastructure, computer, engineering, science labs; emergency communication systems, security door locks, cameras; up-to-date classrooms; shall Sanger Unified School District issue \$70,000,000 in bonds at legal rates, levy on average 6 cents per \$100 of assessed valuation, raising \$4,900,000 annually for issued bonds through maturity, requiring audits, oversight, all money used locally?”*

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

Bonding Capacity Waiver. Following a meeting held by the District Board of Trustees on the question of submitting a waiver application to the State Board of Education (the **“SBE”**) with respect to the limits contained in the California Education Code on general obligation bonding capacity, the District applied to the SBE for a waiver of such provisions. On May 9, 2019, the SBE granted the District a waiver, which authorizes the District to issue general obligation bond indebtedness in an amount not to exceed 4.04% of assessed valuation during the period extending through August 1, 2030.

## SOURCES AND USES OF FUNDS

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

### SANGER UNIFIED SCHOOL DISTRICT Sources and Uses

#### Sources of Funds

Principal Amount of Bonds	\$20,000,000.00
Net Original Issue Premium	<u>1,161,179.65</u>
<b>Total Sources</b>	<b>\$21,161,179.65</b>

#### Uses of Funds

Deposit to Building Fund	\$20,000,000.00
Deposit to Debt Service Fund	879,093.21
Costs of Issuance <sup>(1)</sup>	<u>282,086.44</u>
<b>Total Uses</b>	<b>\$21,161,179.65</b>

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

## THE BONDS

### Authority for Issuance

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

### Description of the Bonds

The Bonds mature in the years and in the amounts and bear interest at the rates per annum all as set forth on the inside cover page hereof. Interest shall be computed based on a 360-day year of twelve 30-day months. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “Book-Entry Only System” below and “APPENDIX F – DTC and the Book-Entry Only System.”

The Bonds will be issued in the denomination of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2019 (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 15<sup>th</sup> calendar day of the month preceding the Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2019, in which event it will bear interest from the date of delivery thereof identified on the cover page. 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.

See the maturity schedules on the inside cover page of this Official Statement and “DEBT SERVICE SCHEDULES” herein.

### Book-Entry Only System

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

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

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

**Optional Redemption**

The Bonds maturing on or before August 1, 2029 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2030 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, 2029, 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, 2044, and August 1, 2048 (together, 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.

**\$4,895,000 Principal Amount  
Term Bonds Maturing August 1, 2044**

<b>Redemption Date (August 1)</b>	<b>Sinking Fund Redemption</b>
2040	\$825,000
2041	900,000
2042	975,000
2043	1,055,000
2044 (maturity)	1,140,000

**\$5,600,000 Principal Amount  
Term Bonds Maturing August 1, 2048**

<b>Redemption Date (August 1)</b>	<b>Sinking Fund Redemption</b>
2045	\$1,230,000
2046	1,340,000
2047	1,455,000
2048 (maturity)	1,575,000

If any Term Bonds are redeemed pursuant to the optional redemption provisions described above, the total amount of all future sinking fund payments with respect to such Term Bonds shall

be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

**Notice of Redemption**

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Bonds designated for redemption, at their addresses appearing on the registration books maintained by the Paying Agent. Such notice may be a conditional notice of redemption and subject to rescission as set forth below. Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

**Partial Redemption of Bonds**

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

**Right to Rescind Notice of Optional Redemption**

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

**Registration, Transfer and Exchange of Bonds**

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

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

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

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

**Defeasance**

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

- (a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or
- (c) by delivering such Bonds to the Paying Agent for cancellation by it.

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

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

amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

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

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

As defined in the Bond Resolution, the term “**Federal Securities**” means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is, directly or indirectly guaranteed by the faith and credit of the United States.

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## DEBT SERVICE SCHEDULES

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

### SANGER UNIFIED SCHOOL DISTRICT Bond Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
2019	--	\$111,718.75	\$111,718.75
2020	\$2,355,000.00	731,250.00	3,086,250.00
2021	2,005,000.00	660,600.00	2,665,600.00
2022	--	580,400.00	580,400.00
2023	--	580,400.00	580,400.00
2024	--	580,400.00	580,400.00
2025	--	580,400.00	580,400.00
2026	--	580,400.00	580,400.00
2027	--	580,400.00	580,400.00
2028	170,000.00	580,400.00	750,400.00
2029	205,000.00	571,900.00	776,900.00
2030	245,000.00	561,650.00	806,650.00
2031	290,000.00	551,850.00	841,850.00
2032	335,000.00	540,250.00	875,250.00
2033	385,000.00	526,850.00	911,850.00
2034	435,000.00	511,450.00	946,450.00
2035	490,000.00	494,050.00	984,050.00
2036	550,000.00	474,450.00	1,024,450.00
2037	610,000.00	452,450.00	1,062,450.00
2038	680,000.00	428,050.00	1,108,050.00
2039	750,000.00	400,850.00	1,150,850.00
2040	825,000.00	370,850.00	1,195,850.00
2041	900,000.00	346,100.00	1,246,100.00
2042	975,000.00	319,100.00	1,294,100.00
2043	1,055,000.00	289,850.00	1,344,850.00
2044	1,140,000.00	258,200.00	1,398,200.00
2045	1,230,000.00	224,000.00	1,454,000.00
2046	1,340,000.00	174,800.00	1,514,800.00
2047	1,455,000.00	121,200.00	1,576,200.00
2048	1,575,000.00	63,000.00	1,638,000.00
Total	\$20,000,000.00	\$13,247,268.75	\$33,247,268.75



The following table shows the combined debt service schedule of all of the District's outstanding general obligation bonds (assuming no optional redemptions). See "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations- General Obligation Bonds" in Appendix B for a description of the District's outstanding general obligation bonds.

**SANGER UNIFIED SCHOOL DISTRICT  
Combined General Obligation Bonds Debt Service Schedule**

Bond Year Ending Aug. 1	1999 Refunding Bonds	Election of 2006, Series A Bonds	Election of 2012, Series A Bonds	Election of 2012, Series B Bonds	2014 Refunding Bonds	Election of 2012, Series C Bonds	Election of 2016, Series A Bonds	Election of 2016, Series B Bonds	The Bonds	Total Debt Service
2019	\$1,231,760.00	--	\$614,850.00	\$821,693.76	\$2,144,250.00	\$581,800.00	\$1,595,031.26	\$965,591.01	\$111,718.75	\$8,066,694.78
2020	1,231,700.00	--	638,050.00	821,693.76	2,251,000.00	581,800.00	1,595,031.26	916,931.26	3,086,250.00	11,122,456.28
2021	1,228,420.00	--	659,650.00	821,693.76	2,364,250.00	581,800.00	1,595,031.26	916,931.26	2,665,600.00	10,833,376.28
2022	245,160.00	--	680,250.00	821,693.76	2,478,250.00	701,800.00	1,595,031.26	986,931.26	580,400.00	8,089,516.28
2023	242,280.00	--	704,850.00	921,693.76	2,607,500.00	677,000.00	1,595,031.26	1,108,431.26	580,400.00	8,437,186.28
2024	--	--	728,250.00	959,443.76	2,735,750.00	698,000.00	1,595,031.26	1,213,681.26	580,400.00	8,510,556.28
2025	--	--	755,450.00	992,443.76	2,877,500.00	733,000.00	1,595,031.26	1,318,181.26	580,400.00	8,852,006.28
2026	--	--	781,250.00	1,033,443.76	3,016,500.00	766,400.00	1,595,031.26	1,426,681.26	580,400.00	9,199,706.28
2027	--	--	807,637.50	1,071,943.76	3,167,250.00	803,200.00	1,595,031.26	1,543,681.26	580,400.00	9,569,143.78
2028	--	\$3,575,000.00	837,512.50	1,112,943.76	--	838,200.00	2,250,031.26	1,073,431.26	750,400.00	10,437,518.78
2029	--	3,750,000.00	865,612.50	1,156,193.76	--	881,400.00	2,337,281.26	1,114,931.26	776,900.00	10,882,318.78
2030	--	3,940,000.00	897,312.50	1,201,443.76	--	917,400.00	2,433,531.26	1,158,681.26	806,650.00	11,355,018.78
2031	--	4,135,000.00	927,437.50	1,246,493.76	--	966,400.00	2,528,031.26	1,209,431.26	841,850.00	11,854,643.78
2032	--	--	960,400.00	1,298,293.76	--	1,007,800.00	2,630,531.26	1,255,781.26	875,250.00	8,028,056.28
2033	--	--	990,900.00	1,347,643.76	--	1,051,800.00	2,734,381.26	1,310,031.26	911,850.00	8,346,606.28
2034	--	--	1,027,400.00	1,399,543.76	--	1,103,200.00	2,847,131.26	1,355,281.26	946,450.00	8,679,006.28
2035	--	--	1,065,650.00	1,447,900.00	--	1,156,600.00	2,960,881.26	1,411,781.26	984,050.00	9,026,862.52
2036	--	--	1,105,400.00	1,507,400.00	--	1,201,800.00	3,080,143.76	1,468,781.26	1,024,450.00	9,387,975.02
2037	--	--	1,141,400.00	1,561,900.00	--	1,264,000.00	3,200,643.76	1,531,031.26	1,062,450.00	9,761,425.02
2038	--	--	1,183,650.00	1,621,400.00	--	1,322,400.00	3,329,600.00	1,593,631.26	1,108,050.00	10,158,731.26
2039	--	--	1,221,650.00	1,685,400.00	--	1,387,000.00	3,462,400.00	1,658,025.00	1,150,850.00	10,565,325.00
2040	--	--	1,265,400.00	1,753,400.00	--	1,447,400.00	3,601,200.00	1,722,600.00	1,195,850.00	10,985,850.00
2041	--	--	1,310,600.00	1,818,600.00	--	1,513,600.00	3,745,400.00	1,793,500.00	1,246,100.00	11,427,800.00
2042	--	--	1,357,200.00	1,889,000.00	--	1,585,200.00	3,894,400.00	1,864,750.00	1,294,100.00	11,884,650.00
2043	--	--	--	2,659,200.00	--	1,736,800.00	4,052,600.00	1,939,000.00	1,344,850.00	11,732,450.00
2044	--	--	--	2,756,000.00	--	--	4,214,200.00	2,015,750.00	1,398,200.00	10,384,150.00
2045	--	--	--	--	--	--	4,383,600.00	2,089,500.00	1,454,000.00	7,927,100.00
2046	--	--	--	--	--	--	--	--	1,514,800.00	1,514,800.00
2047	--	--	--	--	--	--	--	--	1,576,200.00	1,576,200.00
2048	--	--	--	--	--	--	--	--	1,638,000.00	1,638,000.00
Total	\$4,179,320.00	\$15,400,000.00	\$22,527,762.50	\$35,728,500.16	\$23,642,250.00	\$25,505,800.00	\$72,041,268.94	\$37,962,959.95	\$33,247,268.75	\$270,235,130.30

## 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 in the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment by the District of the 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 Bonds Payable from Ad Valorem Property Taxes.** The District has a number of general obligation bond issues outstanding which are payable from *ad valorem* taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and "- Direct and Overlapping Debt" below.

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

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

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

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

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

**Debt Service Fund**

The County will establish a Debt Service Fund (the “**Debt Service Fund**”) for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment by the District of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon its receipt. The Debt Service Fund is pledged by the District for the payment by it of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to enable the District to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the County shall apply such amounts to pay debt service on other outstanding general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, shall be transferred to the general fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

**Not a County Obligation**

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

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## PROPERTY TAXATION

### Property Tax Collection Procedures

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

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

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

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

### Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (“SBE”) and taxed locally. Property valued

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

**Assessed Valuation**

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

**SANGER UNIFIED SCHOOL DISTRICT  
Assessed Valuation  
Fiscal Year 2007-08 through Fiscal Year 2018-19**

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Annual % Change</u>
2007-08	\$3,096,591,106	\$ 963,681	\$ 68,313,507	\$3,165,868,294	--
2008-09	3,158,655,179	963,681	101,531,813	3,261,150,673	3.0%
2009-10	2,900,824,712	903,281	94,694,438	2,996,422,431	-8.1
2010-11	2,908,967,895	903,281	101,951,945	3,011,823,121	0.5
2011-12	2,889,000,813	446,247	102,094,768	2,991,541,828	-0.7
2012-13	2,935,402,381	446,247	106,977,107	3,042,825,735	1.7
2013-14	3,061,947,696	446,247	110,497,470	3,172,891,413	4.3
2014-15	3,230,396,305	446,247	97,556,456	3,328,399,008	4.9
2015-16	3,405,010,047	402,402	87,368,926	3,492,781,375	4.9
2016-17	3,674,098,162	402,402	130,094,093	3,804,594,657	8.9
2017-18	3,864,009,597	402,402	128,841,177	3,993,253,176	5.0
2018-19	4,094,122,145	402,402	135,955,009	4,230,479,556	5.9

Source: California Municipal Statistics, Inc.

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

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

**SANGER UNIFIED SCHOOL DISTRICT  
Assessed Valuation by Jurisdiction  
Fiscal Year 2018-19**

<b>Jurisdiction:</b>	<b>Assessed Valuation in District</b>	<b>% of District</b>	<b>Assessed Valuation of Jurisdiction</b>	<b>% of Jurisdiction in District</b>
City of Clovis	\$ 6,022,270	0.14%	\$10,806,509,839	0.06%
City of Fresno	906,195,246	21.42	\$36,613,200,610	2.48%
City of Sanger	1,254,979,226	29.67	\$ 1,254,979,226	100.00%
Unincorporated Fresno County	<u>2,063,282,814</u>	<u>48.77</u>	\$23,176,026,651	8.90%
Total District	\$4,230,479,556	100.00%		
Fresno County	\$4,230,479,556	100.00%	\$78,519,340,361	5.39%

Source: California Municipal Statistics, Inc.

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

**SANGER UNIFIED SCHOOL DISTRICT  
Assessed Valuation and Parcels by Land Use  
Fiscal Year 2018-19**

<b>Non-Residential:</b>	<b>2018-19 Assessed Valuation<sup>(1)</sup></b>	<b>% of Total</b>	<b>No. of Parcels</b>	<b>% of Total</b>
Agricultural	\$ 717,490,845	17.52%	2,321	13.12%
Commercial	152,658,009	3.73	363	2.05
Vacant Commercial	15,678,140	0.38	70	0.40
Industrial	318,017,540	7.77	145	0.82
Vacant Industrial	7,774,093	0.19	62	0.35
Government/Social/Institutional	715,714	0.02	15	0.08
Miscellaneous	<u>2,518,669</u>	<u>0.06</u>	<u>49</u>	<u>0.28</u>
Subtotal Non-Residential	\$1,214,853,010	29.67%	3,025	17.09%
<b>Residential:</b>				
Single Family Residence	\$2,614,041,305	63.85%	12,028	67.97%
Condominium/Townhouse	3,439,962	0.08	71	0.40
Mobile Home	12,361,227	0.30	266	1.50
Mobile Home Park	5,146,258	0.13	6	0.03
2-4 Residential Units	26,395,591	0.64	173	0.98
5+ Residential Units/Apartments	26,796,243	0.65	31	0.18
Vacant Residential	<u>191,088,549</u>	<u>4.67</u>	<u>2,097</u>	<u>11.85</u>
Subtotal Residential	\$2,879,269,135	70.33%	14,672	82.91%
Total	\$4,094,122,145	100.00%	17,697	100.00%

<sup>(1)</sup> Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

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

**SANGER UNIFIED SCHOOL DISTRICT  
Per Parcel 2018-19 Assessed Valuation of Single-Family Homes**

	<u>No. of Parcels</u>	<u>2018-19 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	12,028	\$2,614,041,305	\$217,330	\$210,408

<u>2018-19 Assessed Valuation</u>	<u>No. of Parcels <sup>(1)</sup></u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	44	0.366%	0.366%	\$ 746,814	0.029%	0.029%
\$25,000 - \$49,999	336	2.793	3.159	13,384,998	0.512	0.541
\$50,000 - \$74,999	501	4.165	7.325	31,353,158	1.199	1.740
\$75,000 - \$99,999	629	5.229	12.554	55,488,599	2.123	3.863
\$100,000 - \$124,999	904	7.516	20.070	102,118,921	3.907	7.769
\$125,000 - \$149,999	1,053	8.755	28.824	144,481,072	5.527	13.296
\$150,000 - \$174,999	1,001	8.322	37.147	162,709,575	6.224	19.521
\$175,000 - \$199,999	1,114	9.262	46.408	209,017,491	7.996	27.517
\$200,000 - \$224,999	1,104	9.179	55.587	235,305,013	9.002	36.518
\$225,000 - \$249,999	1,186	9.860	65.447	282,321,869	10.800	47.319
\$250,000 - \$274,999	1,241	10.318	75.765	325,082,714	12.436	59.755
\$275,000 - \$299,999	1,020	8.480	84.245	292,873,387	11.204	70.958
\$300,000 - \$324,999	528	4.390	88.635	164,382,802	6.288	77.247
\$325,000 - \$349,999	356	2.960	91.595	119,587,088	4.575	81.822
\$350,000 - \$374,999	201	1.671	93.266	72,810,546	2.785	84.607
\$375,000 - \$399,999	150	1.247	94.513	58,096,996	2.222	86.830
\$400,000 - \$424,999	123	1.023	95.535	50,626,194	1.937	88.766
\$425,000 - \$449,999	100	0.831	96.367	43,691,675	1.671	90.438
\$450,000 - \$474,999	81	0.673	97.040	37,395,146	1.431	91.868
\$475,000 - \$499,999	59	0.491	97.531	28,809,005	1.102	92.970
\$500,000 and greater	297	2.469	100.000	183,758,242	7.030	100.000
Total	12,028	100.000%		\$2,614,041,305	100.000%	

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

**Reassessments and Appeals of Assessed Value**

Reassessment or appeals of assessed values could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A 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 XIII A of the California Constitution” in Appendix B.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as

residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

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

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

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

**Tax Rates**

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities for property in the District which lies in Tax Rate Area 9-000 during fiscal years 2014-15 through 2018-19.

**SANGER UNIFIED SCHOOL DISTRICT  
Typical Tax Rates  
(TRA 9-000) <sup>(1)</sup>  
Dollars per \$100 of Assessed Valuation  
Fiscal Years 2014-15 through 2018-19**

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
General Tax Rate	\$1.000000	\$1.000000	\$1.000000	\$1.000000	\$1.000000
Sanger Unified School District	0.168992	0.163244	0.135540	0.168494	0.168490
State Center Community College District	0.009308	0.008064	0.008480	0.025934	0.022966
Total Tax Rate	\$1.178300	\$1.171308	\$1.144020	\$1.194428	\$1.191456

<sup>(1)</sup> 2018-19 assessed valuation for TRA 9-000 is \$499,599,703.  
Source: California Municipal Statistics, Inc.

**Tax Levies and Delinquencies**

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in



exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, the County includes the District’s general obligation bond levies in its Teeter Plan.

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

The following table shows secured tax charges and delinquencies for secured property in the District for property within the District for fiscal years 2008-09 through 2017-18 without regard to the Teeter Plan.

**SANGER UNIFIED SCHOOL DISTRICT  
Secured Tax Charges and Delinquencies  
Fiscal Years 2008-09 Through 2017-18**

<b>Fiscal Year</b>	<b>Secured Tax Charge <sup>(1)</sup></b>	<b>Amount Delinquent June 30</b>	<b>Percent Delinquent June 30</b>
2008-09	\$32,618,751	\$2,030,457	6.22%
2009-10	32,063,467	1,349,907	4.21
2010-11	33,032,161	1,145,020	3.47
2011-12	31,145,033	727,916	2.34
2012-13	32,876,985	706,037	2.15
2013-14	38,765,176	758,916	1.96
2014-15	41,344,097	661,161	1.60
2015-16	43,997,185	651,789	1.48
2016-17	46,333,770	638,494	1.38
2017-18	50,662,580	624,824	1.23

<sup>(1)</sup> All taxes collected by the County on property in the District.  
Source: California Municipal Statistics, Inc.

## Major Taxpayers

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

### SANGER UNIFIED SCHOOL DISTRICT Largest 2018-19 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total <sup>(1)</sup></u>
1.	Del Rey Juice Company LLC	Food Processing	\$ 74,764,048	1.83%
2.	Sanger Poultry LLC	Food Processing	53,359,831	1.30
3.	Pomwonderful LLC	Food Processing	33,236,163	0.81
4.	Britz Inc.	Agricultural	24,803,417	0.61
5.	Harris Farms Inc.	Agricultural	21,300,315	0.52
6.	International Paper Company	Industrial	20,921,068	0.51
7.	G4 Properties Ltd.	Agricultural	15,436,735	0.38
8.	DLM Partners	Agricultural	12,025,599	0.29
9.	Lennar Homes of California Inc.	Residential Development	11,442,095	0.28
10.	Wal-Mart Real Estate Business Trust	Commercial	11,214,080	0.27
11.	Island Cattle Company LLC	Commercial	8,770,797	0.21
12.	Vulcan Lands Inc.	Agricultural	8,662,960	0.21
13.	Centex Homes	Residential Development	8,570,999	0.21
14.	David Franklin & Dianna H. Hines, Trustees	Agricultural	8,453,261	0.21
15.	Del Monte Fresh Produce Inc.	Food Processing	8,347,500	0.20
16.	Hazelton Farms Inc.	Agricultural	8,280,011	0.20
17.	Parga 2 Ltd.	Agricultural	8,180,161	0.20
18.	Parga Partners LP	Agricultural	7,664,624	0.19
19.	Algonquin Power Sanger LLC	Industrial	7,232,416	0.18
20.	Melkonian Brothers LLC	Agricultural	<u>7,188,316</u>	<u>0.18</u>
			\$359,854,396	8.79%

<sup>(1)</sup> 2018-19 local secured assessed valuation: \$4,094,122,145.  
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.

**SANGER UNIFIED SCHOOL DISTRICT  
Statement of Direct and Overlapping Bonded Debt  
Dated as of April 1, 2019**

**2018-19 Assessed Valuation:** \$4,230,479,556

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/19</u>
State Center Community College District	4.947%	\$ 8,631,773
<b>Sanger Unified School District</b>	<b>100.000</b>	<b>131,809,481<sup>(1)</sup></b>
Fresno County Assessment District No. 282	100.000	<u>2,780,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$143,221,254
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Fresno County General Fund Obligations	5.388%	\$ 2,001,373
Fresno County Pension Obligation Bonds	5.388	13,754,365
<b>Sanger Unified School District General Fund Obligations</b>	<b>100.000</b>	<b>40,450,000</b>
City of Clovis General Fund Obligations	0.056	5,039
City of Fresno General Fund and Judgment Obligations	2.475	4,202,225
City of Fresno Pension Obligation Bonds	2.475	3,075,064
City of Sanger General Fund Obligations	100.000	1,320,000
Clovis Veterans Memorial District General Fund Obligations	0.017	<u>590</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$64,808,656
 COMBINED TOTAL DEBT		 \$208,029,910 <sup>(2)</sup>

Ratios to 2018-19 Assessed Valuation:

<b>Direct Debt (\$131,809,481)</b> .....	<b>3.12%</b>
Total Direct and Overlapping Tax and Assessment Debt .	3.39%
<b>Combined Direct Debt (\$172,259,481)</b> .....	<b>4.07%</b>
Combined Total Debt .....	4.92%

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

## BOND INSURANCE

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

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("**AGM**" or "**Bond Insurer**") will issue its Municipal Bond Insurance Policy (the "**Policy**") for the Bonds maturing August 1, 2028 through August 1, 2048, inclusive (collectively, the "**Insured Bonds**"). The Policy guarantees the scheduled payment of principal of and interest on the Insured 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**

**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 opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. 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.

**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 to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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

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

**Other Tax Considerations.** 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 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 for the Bonds is attached hereto as APPENDIX D.

## **CERTAIN LEGAL MATTERS**

### **Legality for Investment**

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

### **Absence of Litigation**

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

The District is subject to lawsuits and claims which occur in the regular course of operating the District. 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, Kutak Rock LLP, Denver, Colorado, as Underwriter's Counsel, and Keygent LLC, as Municipal Advisor to the District, is contingent upon issuance of the Bonds.

## **CONTINUING DISCLOSURE**

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking



Board (an “**Annual Report**”) not later than nine months after the end of the District’s fiscal year (which currently would be March 31), commencing March 31, 2020 with the report for the 2018-19 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board (the “**MSRB**”). The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in “APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the “**Rule**”).

The District has existing disclosure undertakings made pursuant to the Rule in connection with the issuance of prior obligations of the District. In the previous five years, a notice of insured rating change was not timely made. The District notes that some of its prior undertakings require the annual updating of information that appears to have been included in such undertakings in error, for example, information regarding the Los Angeles County investment pool (the District is located in Fresno County), debt service coverage ratios for general obligation bonds, and employees’ contributions to State retirement funds, and as such, such information has not been provided annually. Identification of the foregoing instance of noncompliance does not constitute a representation that such instance is material.

In order to assist in future timely compliance with its disclosure undertakings for its outstanding obligations and the Bonds, the District has contracted with Keygent LLC to serve as dissemination agent for the Bonds and the outstanding obligations of the District.

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 Insured Bonds, based on the understanding that the Bond Insurer will deliver its Policy with respect to the Insured 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 has been determined not to be material to making an investment decision in the Bonds and does not appear in this Official Statement). Such ratings reflect only the view of S&P and explanations of the significance of such ratings may be obtained only from S&P. There is no assurance that any credit 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 S&P’s judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

**UNDERWRITING**

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”). The Underwriter has agreed to purchase the Bonds at a price of \$20,879,093.21 which is equal to the initial principal amount of the Bonds of \$20,000,000.00, plus net original issue premium of \$1,161,179.65 less an Underwriter’s discount of \$85,000.00, and less \$197,086.44 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.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

While the Underwriter does not believe that the following represents a potential or actual material conflict of interest, the Underwriter notes that, the Branch Manager of the Underwriter's Fresno brokerage office serves as Vice President of the Board of Directors of the Foundation for Sanger Schools.

### **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.

**SANGER UNIFIED SCHOOL DISTRICT**

By:           /s/ Adela Madrigal Jones            
                        Superintendent

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**APPENDIX A**  
**SANGER UNIFIED SCHOOL DISTRICT**  
**AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18**

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**SANGER UNIFIED SCHOOL DISTRICT**

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**ANNUAL FINANCIAL REPORT**

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**JUNE 30, 2018**

# SANGER UNIFIED SCHOOL DISTRICT

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JUNE 30, 2018

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# SANGER UNIFIED SCHOOL DISTRICT

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***FINANCIAL SECTION***

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

VALUE THE *difference*

## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Sanger Unified School District  
Sanger, California

### **Report on the Financial Statements**

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

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

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

## ***Emphasis of Matter - Change in Accounting Principles***

As discussed in Note 1 and Note 16 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedules on pages 71 and 72, schedule of changes in the District's total OPEB liability and related ratios on page 73, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 74, schedule of the District's proportionate share of the net pension liability on page 75, and the schedule of District contributions on page 76, 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 Sanger Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018, on our consideration of the Sanger Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sanger Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sanger Unified School District's internal control over financial reporting and compliance.

Vannink, Trine, Day & Co, LLP

Fresno, California  
December 7, 2018



## SANGER UNIFIED SCHOOL DISTRICT

1905 SEVENTH STREET • SANGER, CA 93657

(559) 524-6521

FAX (559) 875-0311

**MATT J. NAVO, SUPERINTENDENT**

*"Dream Big, Work Hard and Believe!"*

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Sanger Unified School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018, with comparative information for the fiscal year ending June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

##### The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities separately. These statements include all assets of the District (including capital assets) and deferred outflows, as well as all liabilities (including long-term obligations) and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of funds which are governmental and fiduciary.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

*Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements* is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Sanger Unified School District.

# SANGER UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

---

### REPORTING THE DISTRICT AS A WHOLE

#### The Statement of Net Position and the Statement of Activities

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

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District's activities as follows:

**Governmental Activities** - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

### REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

#### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

# SANGER UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

---

**Governmental Funds** - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

### THE DISTRICT AS A TRUSTEE

#### Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities and scholarships. The District's fiduciary activities are reported in the *Statements of Fiduciary Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- Under the Local Control Funding Formula Model, the District's non-charter unduplicated pupil percentage was 78.39 percent for the 2017-2018 year. Gap funding totaled \$2.6 million, which when added to the LCFF Floor entitlement, resulted in a total Transition Entitlement of \$101.7 million for 2017-2018
- Student enrollment (including dependent charters) as documented on the fall census day grew to 12,092; 3.2 percent above 2016-2017 student levels.

### THE DISTRICT AS A WHOLE

#### Net Position

The District's net position was \$12.2 million for the fiscal year ended June 30, 2018. Of this amount, \$21.5 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.



# SANGER UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

Table 1

(Amounts in millions)

	Governmental Activities		
	2018	2017, as restated	Variance
<b>Assets</b>			
Current and other assets	\$ 93.9	\$ 87.2	\$ 6.7
Capital assets	197.3	186.1	11.2
<b>Total Assets</b>	<b>291.2</b>	<b>273.3</b>	<b>17.9</b>
<b>Deferred Outflows of Resources</b>	<b>40.3</b>	<b>23.1</b>	<b>17.2</b>
<b>Liabilities</b>			
Current liabilities	16.5	14.6	1.9
Long-term obligations	171.6	165.7	5.9
Net pension liabilities	126.5	106.4	20.1
<b>Total Liabilities</b>	<b>314.6</b>	<b>286.7</b>	<b>7.8</b>
<b>Deferred Inflows of Resources</b>	<b>4.7</b>	<b>2.9</b>	<b>1.8</b>
<b>Net Position</b>			
Net investment in capital assets	70.9	68.4	2.5
Restricted	21.5	15.6	5.9
Unrestricted	(80.2)	(77.2)	(3.0)
<b>Total Net Position</b>	<b>\$ 12.2</b>	<b>\$ 6.8</b>	<b>\$ 5.4</b>

The \$12.2 million in net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 3.8 percent (\$(80.2) million compared to \$(77.2) million).

### Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

**SANGER UNIFIED SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

Table 2

(Amounts in millions)

	Governmental Activities		
	2018	2017	Variance
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 0.7	\$ 0.6	\$ 0.1
Operating grants and contributions	26.2	27.0	(0.8)
General revenues:			
State general apportionments	106.7	102.1	4.6
Property taxes	20.8	18.5	2.3
Other general revenues	12.5	8.3	4.2
<b>Total Revenues</b>	<u>166.9</u>	<u>156.5</u>	<u>10.4</u>
<b>Expenses</b>			
Instruction-related	107.3	96.7	10.6
Student support services	23.7	21.2	2.5
Administration	5.9	6.4	(0.5)
Plant services	15.9	15.5	0.4
Other	8.7	7.6	1.1
<b>Total Expenses</b>	<u>161.5</u>	<u>147.4</u>	<u>14.1</u>
<b>Change in Net Position</b>	<u>\$ 5.4</u>	<u>\$ 9.1</u>	<u>\$ (3.7)</u>

**Governmental Activities**

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$161.5 million as compared to \$147.4 million in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$20.8 million because the cost was paid by those who benefited from the programs (\$0.7 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$26.2 million). We paid for the remaining "public benefit" portion of our governmental activities with \$106.7 million in State funds, and \$12.5 million with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

# SANGER UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

Table 3

(Amounts in millions)	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction-related	\$ 107.3	\$ 96.7	\$ 90.7	\$ 79.4
Student support services	23.7	21.2	14.9	12.6
Administration	5.9	6.4	5.0	5.4
Plant services	15.9	15.5	15.6	15.3
Other	8.7	7.6	8.3	7.1
<b>Total</b>	<b>\$ 161.5</b>	<b>\$ 147.4</b>	<b>\$ 134.5</b>	<b>\$ 119.8</b>

### THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$77.4 million, which is an increase of \$4.7 million from last year (Table 4).

Table 4

(Amounts in millions)	Fund Balance		
	June 30, 2018	June 30, 2017	Variance
General Fund	\$ 29.1	\$ 22.7	\$ 6.4
Charter Schools Fund	1.9	1.7	0.2
Building Fund	33.8	36.8	(3.0)
Non-Major Governmental Funds	12.6	11.5	1.1
<b>Total</b>	<b>\$ 77.4</b>	<b>\$ 72.7</b>	<b>\$ 4.7</b>

The fund balance in the General Fund increased by \$6.4 million from \$22.7 million to \$29.1 million partially due to increased State funding but the primary reason for the overall increase was due to the issuance of a \$12.4 million Certificates of Participation. The Building Fund showed a decrease of \$3.0 million due to the continued expenditures from the bond proceeds for building projects. The remaining funds showed little change from the prior year.

### General Fund Budgetary Highlights

The District originally projected a decrease in the General Fund of approximately \$4.5 million. Due to enrollment growth, new local grant awards, adjusted state categorical allocations, and Certificates of Participation issuance, revenues and other sources were \$24.3 million more than originally projected. Expenditures and transfers out were \$13.4 million over projections, resulting in an increase in the fund of \$6.4 million.

# SANGER UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

---

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2018, the District had \$197.3 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$11.2 million, or 6.0 percent, from last year (Table 5).

Table 5

(Amounts in millions)	Governmental Activities		
	2018	2017	Variance
Land and construction in progress	\$ 37.0	\$ 29.1	\$ 7.9
Buildings and improvements	154.2	152.2	2.0
Equipment	6.1	4.8	1.3
<b>Total</b>	<b>\$ 197.3</b>	<b>\$ 186.1</b>	<b>\$ 11.2</b>

This year's asset additions included relocatable classrooms at multiple sites, major HVAC work at Wilson Elementary School, a state-of-the art transportation yard with onsite filling and charging stations, and multiple new school buses funded in part by grants from outside agencies. In addition, the District also completed major mechanical upgrades at multiple sites and performed extensive energy efficiency upgrades districtwide. Additional capital projects are planned for the 2018-2019 fiscal year utilizing the proceeds from general obligation bonds issued by the District, as well as one-time State funding. We present more detailed information about our capital assets in the Notes to Financial Statements.

# SANGER UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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### Long-Term Obligations

At the end of this year, the District had \$171.8 million in long-term obligations outstanding versus \$165.7 million last year, an increase of 3.6 percent. These obligations consisted of:

**Table 6**

(Amounts in millions)	Governmental Activities		
	2018	2017, as restated	Variance
General obligation bonds	\$ 126.2	\$ 129.4	\$ (3.2)
Qualified school construction bond - Certificates of participation	13.5	14.9	(1.4)
Certificates of participation	12.0	-	12.0
Finance lease agreement	2.2	3.3	(1.1)
Capital leases	6.5	6.9	(0.4)
Compensated absences	0.5	0.5	-
Other postemployment benefits	10.9	10.7	0.2
Net of bond discount	(0.2)	-	(0.2)
<b>Total</b>	<b>\$ 171.6</b>	<b>\$ 165.7</b>	<b>\$ 5.9</b>

The District's S&P rating at the time of the last rating was "AA/A+." We present more detailed information regarding our long-term liabilities in the Notes to Financial Statements.

### Net Pension Liability (NPL)

As of June 30, 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which required the District to recognize its proportionate share of the unfunded pension obligation for CalSTRS and CalPERS. As of June 30, 2018, the District reported Deferred Outflows from pension activities of \$39.5 million, Deferred Inflows from pension activities of \$4.7 million, and a Net Pension Liability of \$126.5 million. We present more detailed information regarding our net pension liability in the Notes to Financial Statements.

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

In considering the District Budget for the 2018-2019 year, the Governing Board and management used the following criteria:

1. ADA increase of 100 based on District's conservative approach in projecting enrollment growth for budgeting purposes.
2. Slightly lower unduplicated pupil count percentage in 2018-2019 as compared with 2017-2018 due to fewer students classified as socio-economically disadvantaged.
3. Use of FCMAT LCFF Calculator to estimate base grant and supplemental/concentration grant revenue and Minimum Proportionality Percentage (MPP) requirements.

# **SANGER UNIFIED SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018**

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### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Services Office, at Sanger Unified School District, 1905 Seventh Street, Sanger, California, 93657, or e-mail at [marsha\\_alfving@sanger.k12.ca.us](mailto:marsha_alfving@sanger.k12.ca.us).

# SANGER UNIFIED SCHOOL DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2018

---

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Deposits and investments	\$ 84,901,868
Receivables	8,817,709
Prepaid expenses	65,019
Stores inventories	111,667
Nondepreciable capital assets	36,951,303
Capital assets being depreciated	272,111,385
Accumulated depreciation	<u>(111,789,217)</u>
<b>Total Assets</b>	<u>291,169,734</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	767,856
Deferred outflows of resources related to pensions	<u>39,522,818</u>
<b>Total Deferred Outflows of Resources</b>	<u>40,290,674</u>
<b>LIABILITIES</b>	
Accounts payable	16,304,480
Unearned revenue	187,646
Long-term obligations:	
Current portion of long-term obligations other than pensions	6,911,953
Noncurrent portion of long-term obligations other than pensions	<u>164,707,056</u>
Total Long-Term Obligations	<u>171,619,009</u>
Aggregate net pension liability	<u>126,440,871</u>
<b>Total Liabilities</b>	<u>314,552,006</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	<u>4,654,320</u>
<b>NET POSITION</b>	
Net investment in capital assets	70,922,410
Restricted for:	
Debt service	6,362,380
Capital projects	11,575,703
Educational programs	1,643,792
Other activities	1,987,291
Unrestricted	<u>(80,237,494)</u>
<b>Total Net Position</b>	<u>\$ 12,254,082</u>

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

**SANGER UNIFIED SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>	
		<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>
<b>Governmental Activities:</b>			
Instruction	\$ 91,111,695	\$ 150,369	\$ 14,612,657
Instruction-related activities:			
Supervision of instruction	4,300,505	-	913,647
Instructional library, media, and technology	1,832,403	-	18,194
School site administration	10,031,306	-	887,307
Pupil services:			
Home-to-school transportation	6,400,205	-	11,577
Food services	7,629,353	549,379	6,421,713
All other pupil services	9,637,388	-	1,798,101
Administration:			
Data processing	645,128	-	-
All other administration	5,292,488	29,391	900,881
Plant services	15,906,991	13,983	242,378
Ancillary services	906,983	-	82,092
Community services	24,490	-	1,307
Interest on long-term obligations	6,272,537	-	-
Other outgo	1,472,953	-	292,422
<b>Total Governmental Activities</b>	<b>\$ 161,464,425</b>	<b>\$ 743,122</b>	<b>\$ 26,182,276</b>

General revenues and subventions:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Taxes levied for other specific purposes
- Federal and State aid not restricted to specific purposes
- Interest and investment earnings
- Special and extraordinary items
- Miscellaneous

**Subtotal, General Revenues**

**Change in Net Position**

- Net Position - Beginning as Restated
- Net Position - Ending

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



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**Net (Expenses)  
Revenues and  
Changes in  
Net Position**

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**Governmental  
Activities**

---

\$ (76,348,669)

(3,386,858)

(1,814,209)

(9,143,999)

(6,388,628)

(658,261)

(7,839,287)

(645,128)

(4,362,216)

(15,650,630)

(824,891)

(23,183)

(6,272,537)

(1,180,531)

(134,539,027)

13,554,292

7,267,520

62,742

106,653,093

1,258,147

4,774

11,178,747

139,979,315

5,440,288

6,813,794

\$ 12,254,082

**SANGER UNIFIED SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2018**

	<b>General Fund</b>	<b>Charter Schools Fund</b>	<b>Building Fund</b>
<b>ASSETS</b>			
Deposits and investments	\$ 33,443,229	\$ 5,015,740	\$ 33,680,332
Receivables	6,963,765	189,646	162,815
Due from other funds	4,287,031	-	38,720
Prepaid expenditures	65,019	-	-
Stores inventories	89,864	-	-
<b>Total Assets</b>	<b>\$ 44,848,908</b>	<b>\$ 5,205,386</b>	<b>\$ 33,881,867</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 15,733,880	\$ 160,323	\$ 27,650
Due to other funds	39,475	3,171,352	-
Unearned revenue	13,404	-	-
<b>Total Liabilities</b>	<b>15,786,759</b>	<b>3,331,675</b>	<b>27,650</b>
<b>Fund Balances:</b>			
Nonspendable	164,883	-	-
Restricted	9,552,987	129,782	33,854,217
Committed	-	-	-
Assigned	11,207,009	1,743,929	-
Unassigned	8,137,270	-	-
<b>Total Fund Balances</b>	<b>29,062,149</b>	<b>1,873,711</b>	<b>33,854,217</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 44,848,908</b>	<b>\$ 5,205,386</b>	<b>\$ 33,881,867</b>

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

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<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 12,762,567	\$ 84,901,868
1,501,483	8,817,709
9,963	4,335,714
-	65,019
21,803	111,667
<u>\$ 14,295,816</u>	<u>\$ 98,231,977</u>

\$ 382,627	\$ 16,304,480
1,124,887	4,335,714
174,242	187,646
<u>1,681,756</u>	<u>20,827,840</u>

21,803	186,686
11,864,594	55,401,580
706,852	706,852
20,811	12,971,749
-	8,137,270
<u>12,614,060</u>	<u>77,404,137</u>
<u>\$ 14,295,816</u>	<u>\$ 98,231,977</u>

# SANGER UNIFIED SCHOOL DISTRICT

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

---

**Total Fund Balance - Governmental Funds** **\$ 77,404,137**  
**Amounts Reported for Governmental Activities in the Statement  
of Net Position are Different Because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is	\$ 309,062,688	
Accumulated depreciation is	<u>(111,789,217)</u>	
Net Capital Assets		197,273,471

Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:

Pension contributions subsequent to measurement date	11,181,288	
Net change in proportionate share of net pension liability	3,529,764	
Differences between projected and actual earnings on pension plan investments	1,155,654	
Differences between expected and actual experience in the measurement of the total pension liability.	1,540,884	
Changes of assumptions	<u>22,115,228</u>	
Total Deferred Outflows of Resources Related to Pensions		39,522,818

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:

Net change in proportionate share of net pension liability	(160,583)	
Differences between projected and actual earnings on pension plan investments	(2,477,751)	
Differences between expected and actual experience in the measurement of the total pension liability.	(1,622,660)	
Changes of assumptions	<u>(393,326)</u>	
Total Deferred Outflows of Resources Related to Pensions		(4,654,320)

Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of amounts paid by the District for OPEB as the benefits comes due subsequent to the measurement date.

767,856

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

# SANGER UNIFIED SCHOOL DISTRICT

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

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Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		\$ (126,440,871)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
General obligation bonds, including premiums	\$ 126,225,249	
Qualified school construction bond - Certificates of participation	13,525,570	
Certificates of participation, net of issuance discount	11,792,459	
Finance lease agreement - technology	2,194,702	
Capital leases	6,467,298	
Compensated absences	496,650	
Net other postemployment benefits (OPEB) liability	10,917,081	
Total Long-Term Obligations		<u>(171,619,009)</u>
<b>Total Net Position - Governmental Activities</b>		<u><b>\$ 12,254,082</b></u>

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

**SANGER UNIFIED SCHOOL DISTRICT**

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

	<b>General Fund</b>	<b>Charter Schools Fund</b>
<b>REVENUES</b>		
Local Control Funding Formula	\$ 100,907,390	\$ 12,818,112
Federal sources	7,365,166	-
Other State sources	10,754,714	1,581,660
Other local sources	9,878,062	315,576
<b>Total Revenues</b>	<b>128,905,332</b>	<b>14,715,348</b>
<b>EXPENDITURES</b>		
Current		
Instruction	72,458,116	9,190,219
Instruction-related activities:		
Supervision of instruction	3,826,809	295,057
Instructional library, media and technology	1,635,649	127,113
School site administration	7,842,282	907,095
Pupil services:		
Home-to-school transportation	5,186,017	206,198
Food services	-	-
All other pupil services	8,272,793	750,019
Administration:		
Data processing	544,516	81,292
All other administration	3,927,310	552,480
Plant services	12,563,244	1,539,009
Ancillary services	960,292	15,546
Community services	24,463	-
Other outgo	1,472,953	-
Facility acquisition and construction	13,800,152	420,030
Debt service		
Principal	2,692,035	-
Interest and other	1,796,730	-
<b>Total Expenditures</b>	<b>137,003,361</b>	<b>14,084,058</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(8,098,029)</b>	<b>631,290</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	681,603	216,251
Other sources	14,032,030	-
Transfers out	(234,023)	(681,603)
<b>Net Financing Sources (Uses)</b>	<b>14,479,610</b>	<b>(465,352)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>6,381,581</b>	<b>165,938</b>
<b>Fund Balance - Beginning</b>	<b>22,680,568</b>	<b>1,707,773</b>
<b>Fund Balance - Ending</b>	<b>\$ 29,062,149</b>	<b>\$ 1,873,711</b>

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

<b>Building Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 900,000	\$ 114,625,502
-	6,299,913	13,665,079
-	2,577,934	14,914,308
150,404	10,791,881	21,135,923
<u>150,404</u>	<u>20,569,728</u>	<u>164,340,812</u>
-	1,513,613	83,161,948
-	-	4,121,866
-	-	1,762,762
-	524,888	9,274,265
-	-	5,392,215
-	6,789,200	6,789,200
-	134,626	9,157,438
-	-	625,808
-	471,549	4,951,339
-	259,560	14,361,813
-	-	975,838
-	-	24,463
-	-	1,472,953
3,093,561	1,172,928	18,486,671
-	3,915,000	6,607,035
-	4,680,532	6,477,262
<u>3,093,561</u>	<u>19,461,896</u>	<u>173,642,876</u>
<u>(2,943,157)</u>	<u>1,107,832</u>	<u>(9,302,064)</u>
-	17,772	915,626
-	4,774	14,036,804
-	-	(915,626)
-	22,546	14,036,804
<u>(2,943,157)</u>	<u>1,130,378</u>	<u>4,734,740</u>
36,797,374	11,483,682	72,669,397
<u>\$ 33,854,217</u>	<u>\$ 12,614,060</u>	<u>\$ 77,404,137</u>

**SANGER UNIFIED SCHOOL DISTRICT**

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

---

**Total Net Change in Fund Balances - Governmental Funds** **\$ 4,734,740**  
**Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	\$ 20,477,787	
Depreciation expense	(9,281,274)	11,196,513
Net Expense Adjustment		

Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (13,000)

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term obligations in the Statement of Net Position. (152,246)

In the Statement of Activities, certain operating expenses - compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation earned was more than the amounts paid by \$3,610. (3,610)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (5,309,954)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year. 561,085

Proceeds received from the issuance of debt is a revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities. (12,154,785)

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



# SANGER UNIFIED SCHOOL DISTRICT

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

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In the government-wide financial statements, debt premiums, as well as discounts, are deferred and amortized over the life of the debt using the straight line method. The amortization for the year was:

Amortization of debt premium	\$ 407,455
Amortization of debt discount	(7,674)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:

General obligation bonds	3,265,000
Qualified school construction bond - Certificates of participation	1,345,624
Certificates of participation	370,000
Finance lease agreements-technology	1,071,945
Capital lease obligations	554,466

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of accreted interest on the District's capital appreciation general obligation bonds.

	(425,271)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 5,440,288</u></b>

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

# SANGER UNIFIED SCHOOL DISTRICT

## FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2018

---

	<u>Foundation Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Deposits and investments	\$ 456,371	\$ 675,866
Receivables	5,627	-
<b>Total Assets</b>	<u>461,998</u>	<u>\$ 675,866</u>
<b>LIABILITIES</b>		
Accounts payable	3,327	\$ -
Due to student groups	-	675,866
<b>Total Liabilities</b>	<u>3,327</u>	<u>\$ 675,866</u>
<b>NET POSITION</b>		
Reserved for scholarships	<u>\$ 458,671</u>	

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

# SANGER UNIFIED SCHOOL DISTRICT

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

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	<b>Foundation Trust</b>
<b>ADDITIONS</b>	
Private donations	\$ 39,907
Interest	8,118
<b>Total Additions</b>	<u>48,025</u>
<b>DEDUCTIONS</b>	
Scholarships awarded	16,500
Other expenditures	33,783
<b>Total Deductions</b>	<u>50,283</u>
<b>Change in Net Position</b>	(2,258)
<b>Net Position - Beginning</b>	<u>460,929</u>
<b>Net Position - Ending</b>	<u><u>\$ 458,671</u></u>

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

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Reporting Entity

The Sanger Unified School District (the District) was unified in 1965, under the laws of the State of California. The District operates under a locally-elected seven member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates twelve elementary schools, one middle school, one high school, one continuation high school, three charter schools, one community day school, one alternative education school, and one adult school.

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

#### Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units may be other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units described below have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District.

#### Sanger Unified School District Financing Corporation

The Sanger Unified School District Financing Corporation's (the Corporation) financial activity is presented in the financial statements of the District under the blended presentation method. Debt issued by the Corporation is included as long-term obligations in the government-wide financial statements.

#### Charter Schools

The District has granted and approved three charter schools pursuant to *Education Code* Section 47605, the Quail Lake Environmental Charter School, the Hallmark Charter School, and the Sanger Academy Charter School. The charter schools are operated by the District, and their financial activities are presented in the Charter School Special Revenue Fund.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### **Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

### **Major Governmental Funds**

**General Fund** The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Non-Capital Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been consolidated with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in assets, fund balance, and revenues of \$5,538, \$5,538, and \$96, respectively, with no change to expenditures or liabilities.

**Charter Schools Fund** The Charter Schools Fund may be used by authorizing districts to account separately for the activities of district-operated charter schools that would otherwise be reported in the authorizing district's General Fund.

**Building Fund** The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

### **Non-Major Governmental Funds**

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

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

---

**Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

**Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

**Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

**Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

**Capital Project Funds** The Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

**Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

**County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

**Debt Service Funds** The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term obligations.

**Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

**Fiduciary Funds** Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into two classifications which are foundation trust funds and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust fund is the Foundation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

### **Basis of Accounting - Measurement Focus**

**Government-Wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which differs from the manner in which governmental fund financial statements are prepared.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and 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 are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

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

**Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

**Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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**Revenues – Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However to achieve comparability of reporting among California LEAs and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for LEAs as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**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.

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 60 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

### **Investments**

Investments held at June 30, 2018, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county pools are determined by the program sponsor.



# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### **Prepaid Expenditures (Expenses)**

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

### **Stores Inventories**

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

### **Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition cost on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position, as well as the Foundation Trust column of the Fiduciary Funds Statement of Net Position.

### **Compensated Absences**

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position.

# **SANGER UNIFIED SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

### **Accounts Payable and Long-Term Obligations**

Accounts payable and long-term obligations are reported in the government-wide financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

### **Premiums and Discounts**

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and discounts are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums and discounts received or paid on debt issuance are also reported as other financing sources.

### **Deferred Outflows/Inflows of Resources**

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

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

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### Pensions

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

### Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

### Fund Balances - Governmental Funds

As of June 30, 2018, fund balances of the governmental funds are classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, the governing board or Chief Business Officer may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### **Spending Order Policy**

When an expenditure is incurred for purposes 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, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

### **Minimum Fund Balance Policy**

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

### **Net Position**

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$21,569,166 of restricted net position.

### **Interfund Activity**

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

### **Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Fresno bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

### Change in Accounting Principles

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

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

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

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

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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

### **New Accounting Pronouncements**

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2018**

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The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. 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.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

### NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

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

Governmental activities	\$ 84,901,868
Fiduciary funds	<u>1,132,237</u>
Total Deposits and Investments	<u><u>\$ 86,034,105</u></u>

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

Cash on hand and in banks	\$ 695,386
Cash in revolving	10,000
Cash with fiscal agent	9,215,351
Investments	<u>76,113,368</u>
Total Deposits and Investments	<u><u>\$ 86,034,105</u></u>

#### Policies and Practices

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



# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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**Investment in County Treasury** - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

### General Authorizations

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

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

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Fair Value</u>	<u>12 Months or Less</u>	<u>13 - 24 Months</u>	<u>25 - 60 Months</u>	<u>More Than 60 Months</u>
County Pool	\$ 75,410,146	\$ -	\$ 75,410,146	\$ -	\$ -

### Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, \$9,614,672 of the District's bank balance, including money market accounts, was exposed to custodial credit risk because it was uninsured, however, was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

### NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**NOTE 4 - RECEIVABLES**

Receivables at June 30, 2018, consist of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Charter Schools Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Foundation Trust Fund
Federal Government						
Categorical aid	\$ 2,227,519	\$ -	\$ -	\$ 1,057,659	\$ 3,285,178	\$ -
State Government						
State grants and entitlements	1,679,362	162,999	-	210,420	2,052,781	-
Local Sources	3,056,884	26,647	162,815	233,404	3,479,750	5,627
Total	<u>\$ 6,963,765</u>	<u>\$ 189,646</u>	<u>\$ 162,815</u>	<u>\$ 1,501,483</u>	<u>\$ 8,817,709</u>	<u>\$ 5,627</u>

**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5 - CAPITAL ASSETS**

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 16,596,429	\$ -	\$ -	\$ 16,596,429
Construction in process	12,510,866	15,922,395	8,078,387	20,354,874
Total Capital Assets Not Being Depreciated	<u>29,107,295</u>	<u>15,922,395</u>	<u>8,078,387</u>	<u>36,951,303</u>
Capital Assets Being Depreciated				
Land improvements	30,497,145	4,022,143	78,000	34,441,288
Buildings and improvements	214,267,217	6,357,725	10,789	220,614,153
Furniture and equipment	14,802,033	2,253,911	-	17,055,944
Total Capital Assets Being Depreciated	<u>259,566,395</u>	<u>12,633,779</u>	<u>88,789</u>	<u>272,111,385</u>
Less Accumulated Depreciation				
Land improvements	15,878,718	1,309,057	65,000	17,122,775
Buildings and improvements	76,725,660	6,999,341	10,789	83,714,212
Furniture and equipment	9,979,354	972,876	-	10,952,230
Total Accumulated Depreciation	<u>102,583,732</u>	<u>9,281,274</u>	<u>75,789</u>	<u>111,789,217</u>
Governmental Activities Capital Assets, Net	<u>\$ 186,089,958</u>	<u>\$ 19,274,900</u>	<u>\$ 8,091,387</u>	<u>\$ 197,273,471</u>

Depreciation expense was charged to functional expenses as follows:

Governmental Activities	
Instruction	\$ 4,269,387
School site administration	278,438
Home-to-school transportation	2,413,131
Food services	742,502
Data processing	92,813
All other general administration	185,625
Plant services	1,299,378
Total Depreciation Expenses, Governmental Activities	<u>\$ 9,281,274</u>

**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**NOTE 6 - INTERFUND TRANSACTIONS**

**Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2018, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds		
General	\$ 4,287,031	\$ 39,475
Charters Schools	-	3,171,352
Building	38,720	-
Total Major Governmental Funds	<u>4,325,751</u>	<u>3,210,827</u>
Non-Major Governmental Funds		
Adult Education	-	304,187
Child Development	-	182,145
Cafeteria	9,208	638,555
Deferred Maintenance	755	-
Total Non-Major Governmental Funds	<u>9,963</u>	<u>1,124,887</u>
Total All Governmental Funds	<u>\$ 4,335,714</u>	<u>\$ 4,335,714</u>

The General Fund owes the Building Fund for cash received on its behalf.	\$ 38,720
The General Fund owes the Deferred Maintenance Non-Major Governmental Fund for expenses paid on its behalf.	755
The Charter Schools Fund owes the General Fund for direct cost and payroll expenses.	3,162,167
The Charter Schools Fund owes the Cafeteria Non-Major Governmental Fund for food service expenses.	9,185
The Adult Education Non-Major Governmental Fund owes the General Fund for operating and employee benefit expenses.	304,187
The Child Development Non-Major Governmental Fund owes the General Fund for operating and employee benefit expenses, as well as indirect costs.	182,122
The Child Development Non-Major Governmental Fund owes the Cafeteria Non-Major Governmental Fund for food service expenses.	23
The Cafeteria Non-Major Governmental Fund owes the General Fund for operating and employee benefit expenses, as well as indirect costs.	638,555
Total	<u>\$ 4,335,714</u>

**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**Operating Transfers**

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

The General Fund transferred to the Charter Schools Fund special education revenues.	\$ 216,251
The General Fund transferred to the Cafeteria Non-Major Governmental Fund to reimburse unpaid student lunches.	17,772
The Charter Schools Fund transferred to the General Fund for one-time funding allocation for accounting purposes.	151,557
The Charter Schools Fund transferred to the General Fund Proposition 39 Clean Energy funding.	13,603
The Charter Schools Fund transferred to the General Fund to fund prior year LCAP and expenses paid by the District on behalf of the Charter School.	516,443
Total	<u><u>\$ 915,626</u></u>

**NOTE 7 - PREPAID EXPENDITURES (EXPENSES)**

Prepaid expenditures (expenses) at June 30, 2018, consists of the following:

	General Fund
Sales tax for two bus purchases	<u><u>\$ 65,019</u></u>

**NOTE 8 - ACCOUNTS PAYABLE**

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

	General Fund	Charter Schools Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities	Foundation Trust Fund
Vendor payables	\$ 4,418,010	\$ 54,361	\$ 27,650	\$ 349,593	\$ 4,849,614	\$ 3,327
State apportionment	434,075	64,404	-	-	498,479	-
Salaries and benefits payable	4,717,725	41,558	-	33,034	4,792,317	-
Deferred payroll	6,164,070	-	-	-	6,164,070	-
Total	<u><u>\$ 15,733,880</u></u>	<u><u>\$ 160,323</u></u>	<u><u>\$ 27,650</u></u>	<u><u>\$ 382,627</u></u>	<u><u>\$ 16,304,480</u></u>	<u><u>\$ 3,327</u></u>

**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 9 - UNEARNED REVENUE**

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 13,404	\$ -	\$ 13,404
State categorical aid	-	174,242	174,242
Total	<u>\$ 13,404</u>	<u>\$ 174,242</u>	<u>\$ 187,646</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

**Summary**

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2017, as restated	Additions	Deductions	Balance June 30, 2018	Due in One Year
General obligation bonds	\$ 122,122,342	\$ 425,271	\$ 3,265,000	\$ 119,282,613	\$ 3,560,000
Debt premiums	7,350,091	-	407,455	6,942,636	-
Qualified school construction bond - Certificates of participation	14,871,194	-	1,345,624	13,525,570	1,383,903
Certificates of participation	-	12,385,000	370,000	12,015,000	290,000
Finance lease agreements - technology	3,266,647	-	1,071,945	2,194,702	1,088,747
Lease purchase agreement	6,869,518	152,246	554,466	6,467,298	589,303
Compensated absences - net	493,040	3,610	-	496,650	-
Net other postemployment benefits (OPEB) liability, including Medicare Premium Payment Program	10,710,310	262,390	55,619	10,917,081	-
Total	<u>\$ 165,683,142</u>	<u>\$ 13,228,517</u>	<u>\$ 7,070,109</u>	<u>\$ 171,841,550</u>	<u>\$ 6,911,953</u>
Debt discounts	<u>\$ -</u>	<u>\$ 230,215</u>	<u>\$ 7,674</u>	<u>\$ 222,541</u>	<u>\$ -</u>

**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues and the payment made to refund bonds was made by the Building Fund. Payments on the qualified school construction bonds were made by the Capital Facilities Fund. Payments on the certificates of participation were made by the Capital Facilities Fund. The lease purchase agreement payments were paid by the General Fund and the Capital Facilities Fund. The compensated absences and other postemployment benefits obligations will be paid by the fund for which the employee worked.

**Bonded Debt**

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Accreted Interest/ Issued	Redeemed	Bonds Outstanding June 30, 2018
6/1/1999	7/1/2024	5.10-5.25%	\$ 24,815,000	\$ 5,900,000	\$ -	\$ 1,765,000	\$ 4,135,000
7/20/2006	8/1/2031	3.625-5.0%	30,789,481	9,142,342	425,271	1,015,000	8,552,613
3/12/2013	8/1/2042	2.00-4.12%	15,000,000	12,825,000	-	-	12,825,000
9/17/2014	8/1/2044	2.00-5.0%	20,000,000	19,300,000	-	-	19,300,000
9/17/2014	8/1/2027	2.00-5.0%	20,310,000	19,955,000	-	30,000	19,925,000
6/7/16	8/1/2043	2.00-4.00%	15,000,000	15,000,000	-	455,000	14,545,000
5/17/17	8/1/45	2.00-5.00%	40,000,000	40,000,000	-	-	40,000,000
Total			<u>\$ 165,914,481</u>	<u>\$ 122,122,342</u>	<u>\$ 425,271</u>	<u>\$ 3,265,000</u>	<u>\$ 119,282,613</u>

**Debt Service Requirements to Maturity**

1999 Obligation

Summary of debt service requirements to maturity are:

Fiscal Year	Principal	Interest to Maturity	Total
2019	\$ 1,240,000	\$ 221,480	\$ 1,461,480
2020	1,100,000	157,500	1,257,500
2021	1,155,000	95,760	1,250,760
2022	380,000	30,800	410,800
2023	235,000	13,860	248,860
2024	25,000	700	25,700
Total	<u>\$ 4,135,000</u>	<u>\$ 520,100</u>	<u>\$ 4,655,100</u>



**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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2006 Obligation - Capital Appreciation Bonds:

<u>Year of Maturity</u>	<u>Full Maturity Amount</u>	<u>Accreted Obligation</u>	<u>Unaccreted Obligation</u>
2029	\$ 3,575,000	\$ 2,151,435	\$ 1,423,565
2030	3,750,000	2,142,750	1,607,250
2031	3,940,000	2,134,692	1,805,308
2032	4,135,000	2,123,736	2,011,264
Total	<u>\$ 15,400,000</u>	<u>\$ 8,552,613</u>	<u>\$ 6,847,387</u>

2012, Series A Obligation:

Summary of debt service requirements to maturity are:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2019	\$ -	\$ 544,850	\$ 544,850
2020	60,000	544,850	604,850
2021	85,000	543,050	628,050
2022	110,000	539,650	649,650
2023	135,000	535,250	670,250
2024-2028	1,155,000	2,572,438	3,727,438
2029-2033	2,135,000	2,303,277	4,438,277
2034-2038	3,545,000	1,735,750	5,280,750
2039-2043	5,600,000	669,323	6,269,323
Total	<u>\$ 12,825,000</u>	<u>\$ 9,988,438</u>	<u>\$ 22,813,438</u>

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### 2012, Series B Obligation:

Fiscal Year	Principal	Interest to Maturity	Total
2019	\$ -	\$ 821,694	\$ 821,694
2020	-	821,694	821,694
2021	-	821,694	821,694
2022	-	821,694	821,694
2023	-	821,694	821,694
2024-2028	930,000	4,048,970	4,978,970
2029-2033	2,300,000	3,715,368	6,015,368
2034-2038	4,125,000	3,139,387	7,264,387
2039-2043	6,840,000	1,927,800	8,767,800
2044-2045	5,105,000	310,200	5,415,200
Total	\$ 19,300,000	\$ 17,250,195	\$ 36,550,195

### 2014, Refunding Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2019	\$ 1,110,000	\$ 934,750	\$ 2,044,750
2020	1,265,000	879,250	2,144,250
2021	1,435,000	816,000	2,251,000
2022	1,620,000	744,250	2,364,250
2023	1,815,000	663,250	2,478,250
2024-2028	12,680,000	1,724,500	14,404,500
Total	\$ 19,925,000	\$ 5,762,000	\$ 25,687,000

**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

2012, Series C Obligation:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2019	\$ -	\$ 581,800	\$ 581,800
2020	-	581,800	581,800
2021	-	581,800	581,800
2022	-	581,800	581,800
2023	120,000	581,800	701,800
2024-2028	845,000	2,832,600	3,677,600
2029-2033	2,035,000	2,576,200	4,611,200
2034-2038	3,735,000	2,042,400	5,777,400
2039-2043	6,140,000	1,115,600	7,255,600
2044	1,670,000	66,800	1,736,800
Total	<u>\$ 14,545,000</u>	<u>\$ 11,542,600</u>	<u>\$ 26,087,600</u>

2016, Series A Obligation:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2019	\$ 1,210,000	\$ 1,619,231	\$ 2,829,231
2020	-	1,595,031	1,595,031
2021	-	1,595,031	1,595,031
2022	-	1,595,031	1,595,031
2023	-	1,595,031	1,595,031
2024-2028	-	7,975,155	7,975,155
2029-2033	4,595,000	7,584,405	12,179,405
2034-2038	8,580,000	6,243,181	14,823,181
2039-2043	13,925,000	4,108,000	18,033,000
2044-2046	11,690,000	960,400	12,650,400
Total	<u>\$ 40,000,000</u>	<u>\$ 34,870,496</u>	<u>\$ 74,870,496</u>

**Certificates of Participation**

2010 Obligation - Qualified School Construction Bond

On July 7, 2010, the District issued Qualified School Construction Bond - Certificates of Participation in the amount of \$23,195,000 which yield 7.4 percent interest. As the certificates are issued under the Qualified School Construction Bond program, the District receives Federal subsidies which should amount to the annual required interest payments on the certificates.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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Summary debt serve requirements to maturity are:

Fiscal Year	Principal <sup>1</sup>	Interest to Maturity	Total
2019	\$ 1,383,903	\$ 1,217,738	\$ 2,601,641
2020	1,420,639	1,217,738	2,638,377
2021	1,455,004	1,217,738	2,672,742
2022	1,485,973	1,217,738	2,703,711
2023	1,515,840	1,217,738	2,733,578
2024-2027	6,264,211	4,870,952	11,135,163
Total	\$ 13,525,570	\$ 10,959,642	\$ 24,485,212

<sup>1</sup> Mandatory sinking fund deposit. Final maturity of \$23,195,000 is on June 15, 2027.

### 2017 Certificates of Participation

On August 8, 2017, the District issued Certificates of Participation to fund additions to educational facilities in the amount of \$12,585,000, the Certificates mature from June 1, 2018 through June 1, 2047, with interest rates ranging from 2 to 3.63 percent.

The certificates mature through 2047 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	\$ 290,000	\$ 367,262	\$ 657,262
2020	95,000	361,462	456,462
2021	300,000	355,562	655,562
2022	305,000	349,562	654,562
2023	310,000	343,462	653,462
2024-2028	1,655,000	1,619,112	3,274,112
2029-2033	1,880,000	1,394,310	3,274,310
2034-2038	2,190,000	1,081,352	3,271,352
2039-2043	2,585,000	691,612	3,276,612
2044-2047	2,405,000	214,204	2,619,204
Total	\$ 12,015,000	\$ 6,777,900	\$ 18,792,900

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### Lease Purchase Agreements

#### Finance Lease Agreement - Technology

On March 28, 2017, the District entered into a lease purchase agreement to finance the acquisition of technology infrastructure. The District is required to make the following annual lease payments at an effective interest rate of 2.6 percent:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,088,747	\$ 52,210	\$ 1,140,957
2020	1,105,955	35,002	1,140,957
Total	<u>\$ 2,194,702</u>	<u>\$ 87,212</u>	<u>\$ 2,281,914</u>

#### 2013 Lease Purchase Agreement

On February 1, 2013, the District entered into a lease purchase agreement with the Sanger Unified School District Financing Corporation whereby the Corporation provided \$3,495,000 in up front financing in order to refund the District's outstanding Certificates of Participation from 2005. The District, in exchange, makes rental payments for the Sanger High School property to the Corporation at a rate of just over three percent as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 589,303	\$ 190,597	\$ 779,900
2020	575,088	178,136	753,224
2021	591,114	162,409	753,523
2022	607,178	146,151	753,329
2023	623,279	129,315	752,594
2024-2028	2,071,336	418,740	2,490,076
2024-2025	1,155,000	188,370	1,343,370
2026	255,000	9,945	264,945
Total	<u>\$ 6,467,298</u>	<u>\$ 1,423,663</u>	<u>\$ 7,890,961</u>

### Compensated Absences

The long-term portion of compensated absences for the District at June 30, 2018, amounted to \$496,650.

**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**Net Other Postemployment Benefit (OPEB) Liability**

For the fiscal year ended June 30, 2018, the District reported net OPEB liability, deferred outflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	OPEB Expense
District Plan	\$ 10,150,859	\$ 767,856	\$ (505,466)
Medicare Premium Payment (MPP) Program	766,222	-	(55,619)
Total	<u>\$ 10,917,081</u>	<u>\$ 767,856</u>	<u>\$ (561,085)</u>

The details of each plan are as follows:

District Plan

**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Management of the Plan is vested in the District management.

*Plan Membership*

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

Inactive employees or beneficiaries currently receiving benefits payments	43
Active employees	1,125
Total	<u>1,168</u>

*Benefits Provided*

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

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### *Contributions*

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the teachers association, the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, teachers union, CSEA, and the unrepresented groups. For fiscal year 2017-2018, the District paid \$410,295 in benefits and was credited with an implicit subsidy of \$357,561 for total contributions of \$767,856.

### **Total OPEB Liability of the District**

The District's total OPEB liability of \$10,150,859 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

### *Actuarial Assumptions*

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

Inflation	3 percent
Salary increases	3 percent, average, including inflation
Discount rate	3.13 percent
Healthcare cost trend rates	6 percent for 2017 and 5 percent for 2018 and on.

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

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males and Females, as appropriate, without projection.

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

### **Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance at June 30, 2016	\$ 9,888,469
Service cost	712,620
Interest	297,891
Benefit payments	(748,121)
Net change in total OPEB liability	<u>262,390</u>
Balance at June 30, 2017	<u><u>\$ 10,150,859</u></u>

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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

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

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (2.13%)	\$ 10,919,698
Current discount rate (3.13%)	10,150,859
1% increase (4.13%)	9,433,517

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

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

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (4%)	\$ 9,601,325
Current healthcare cost trend rate (5%)	10,150,859
1% increase (6%)	10,798,113

### **OPEB Expense and Deferred Outflows of Resources related to OPEB**

For the year ended June 30, 2018, the District recognized OPEB expense of \$(505,466). At June 30, 2018, the District reported deferred outflows of resources for the amount paid by the District for OPEB as the benefits come due plus the implicit subsidy of \$357,561 subsequent to measurement date of \$767,856.

### **Medicare Premium Payment (MPP) Program**

#### **Plan Description**

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

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



# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB

At June 30, 2018, the District reported a liability of \$766,222 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively, was 0.1821 percent, and 0.1756 percent, resulting in a net increase in the proportionate share of 0.0065 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$(55,619).

### Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 571 or an average of 0.32 percent of the potentially eligible population (177,763).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2017 and 2016, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

### Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

### *Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.58%)	\$ 848,261
Current discount rate (3.58%)	766,222
1% increase (4.58%)	686,422

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2018**

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### *Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates*

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

<u>Medicare Costs Trend Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.7% Part A and 3.1% Part B)	\$ 692,399
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	766,222
1% increase (4.7% Part A and 5.1% Part B)	839,308

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

### NOTE 11 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Charter Schools Fund	Building Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>					
Revolving cash	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Stores inventories	89,864	-	-	21,803	111,667
Prepaid expenditures	65,019	-	-	-	65,019
Total Nonspendable	<u>164,883</u>	<u>-</u>	<u>-</u>	<u>21,803</u>	<u>186,686</u>
<b>Restricted</b>					
Legally restricted programs	1,305,687	129,782	-	2,173,811	3,609,280
Capital projects	8,247,300	-	33,854,217	3,328,403	45,429,920
Debt services	-	-	-	6,362,380	6,362,380
Total Restricted	<u>9,552,987</u>	<u>129,782</u>	<u>33,854,217</u>	<u>11,864,594</u>	<u>55,401,580</u>
<b>Committed</b>					
Adult education program	-	-	-	58,024	58,024
Deferred maintenance program	-	-	-	648,828	648,828
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>706,852</u>	<u>706,852</u>
<b>Assigned</b>					
One time mandated funding	2,679,502	164,872	-	-	2,844,374
OPEB reserve	328,711	-	-	-	328,711
LCAP reserve	4,564,525	192,365	-	-	4,756,890
Certificated reserve	350,000	-	-	-	350,000
Adult Education facility reserve	1,129,346	-	-	-	1,129,346
E-Rate carryover	61,532	-	-	-	61,532
Bus purchase reserve	471,762	-	-	-	471,762
Department budget carryover	233,392	72,247	-	-	305,639
Dual enrollment reserve	124,504	-	-	-	124,504
MAA funding	28,606	-	-	-	28,606
Operating reserve	686,187	332,518	-	-	1,018,705
Site budget carryover	240,621	107,244	-	-	347,865
Instructional materials	302,783	412,805	-	-	715,588
Non-classroom reserve	-	461,878	-	-	461,878
Preschool activities	-	-	-	20,811	20,811
Other	5,538	-	-	-	5,538
Total Assigned	<u>11,207,009</u>	<u>1,743,929</u>	<u>-</u>	<u>20,811</u>	<u>12,971,749</u>
<b>Unassigned</b>					
Reserve for economic uncertainties	4,117,121	-	-	-	4,117,121
Unassigned	4,020,149	-	-	-	4,020,149
Total Unassigned	<u>8,137,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,137,270</u>
Total	<u>\$ 29,062,149</u>	<u>\$ 1,873,711</u>	<u>\$ 33,854,217</u>	<u>\$ 12,614,060</u>	<u>\$ 77,404,137</u>

# **SANGER UNIFIED SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018**

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### **NOTE 12 - RISK MANAGEMENT**

#### **Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2018, the District participated in the California Risk Management Authority (CRMA I) for property and liability insurance coverage. The program contributions are solely based on the groups composite rates for funding, insurance and administration costs. This "equity pooling" arrangement insures that each participant shares equally in the overall performance of CRMA I. Participation in CRMA I is limited to districts that can meet CRMA I selection criteria.

#### **Workers' Compensation**

For fiscal year 2018, the District participated in the California Risk Management Authority (CRMA II), an insurance purchasing pool. The intent of CRMA II is to achieve the benefit of a reduced contribution for the District by its grouping and representation with other members in CRMA II. The workers' compensation loss experience of the participating district is calculated as one experience and a common premium rate is applied to all districts in CRMA II. Each participant pays its workers' compensation premium based on the composite rate and their individual loss experience. Aon Risk Solutions in Irvine provides the actuarial services for CRMA II.

#### **Employee Medical Benefits**

The District has contracted with the Self-Insured Schools of California (SISC III) to provide employee health benefits. SISC III is a shared risk pool. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

### **NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS**

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

**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 93,033,848	\$ 28,365,923	\$ 4,260,994	\$ 9,977,087
CalPERS	33,407,023	11,156,895	393,326	6,514,155
Total	\$ 126,440,871	\$ 39,522,818	\$ 4,654,320	\$ 16,491,242

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

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

**Benefits Provided**

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

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

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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

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

### Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were \$8,218,327.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$ 93,033,848
State's proportionate share of the net pension liability associated with the District	55,038,038
Total	<u>\$ 148,071,886</u>

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively was 0.1006 percent and 0.0987 percent, resulting in a net increase in the proportionate share of 0.0019 percent.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

For the year ended June 30, 2018, the District recognized pension expense of \$9,977,087. In addition, the District recognized pension expense and revenue of \$5,540,107 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,218,327	\$ -
Net change in proportionate share of net pension liability	2,567,941	160,583
Difference between projected and actual earnings on pension plan investments	-	2,477,751
Differences between expected and actual experience in the measurement of the total pension liability	344,048	1,622,660
Changes of assumptions	17,235,607	-
Total	<u>\$ 28,365,923</u>	<u>\$ 4,260,994</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2019	\$ (2,059,846)
2020	1,558,696
2021	224,754
2022	(2,201,355)
Total	<u>\$ (2,477,751)</u>



# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 3,075,903
2020	3,075,903
2021	3,075,903
2022	3,075,905
2023	2,927,495
Thereafter	3,133,244
Total	<u>\$ 18,364,353</u>

### Actuarial Methods and Assumptions

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

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

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

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

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

### Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 136,603,224
Current discount rate (7.10%)	93,033,848
1% increase (8.10%)	57,674,346

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### California Public Employees Retirement System (CalPERS)

#### Plan Description

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

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

#### Benefits Provided

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

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

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

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were \$2,962,961.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$33,407,023. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively was 0.1399 percent and 0.1345 percent, resulting in a net increase in the proportionate share of 0.0054 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$6,514,155. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,962,961	\$ -
Net change in proportionate share of net pension liability	961,823	-
Difference between projected and actual earnings on pension plan investments	1,155,654	-
Differences between expected and actual experience in the measurement of the total pension liability	1,196,836	-
Changes of assumptions	4,879,621	393,326
Total	<u>\$ 11,156,895</u>	<u>\$ 393,326</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2019	\$ (31,314)
2020	1,333,374
2021	486,431
2022	(632,837)
Total	<u>\$ 1,155,654</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ 2,434,557
2020	2,315,649
2021	1,894,748
Total	<u>\$ 6,644,954</u>

**Actuarial Methods and Assumptions**

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

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

**SANGER UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

**Discount Rate**

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 49,152,436
Current discount rate (7.15%)	33,407,023
1% increase (8.15%)	20,344,884

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

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### **Alternative Accumulation Program for Part-Time and Limited Service Employees (APPLE)**

Employees not enrolled in CalPERS or CalSTRS are enrolled in APPLE. The District contributes 3.75 percent of an employee's gross earnings. An employee is required to contribute 3.75 percent of his or her gross earnings to the pension plan. Contributions made by the District and an employee vest immediately. Keenan and Associates administers the plan on behalf of the District.

### **On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$4,435,764 (9.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

## **NOTE 14 - COMMITMENTS AND CONTINGENCIES**

### **Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

### **Litigation**

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

### **Operating Leases**

The District has entered into various operating leases for equipment with no lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration date.

# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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### Construction Commitments

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

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
New Adult School	\$ 6,400	June 2019
Fairmont Elementary School - pipeline	825,891	December 2018
Fairmont Elementary School - new relocatable building	83,000	June 2019
Hallmark Charter School - new relocatable building	180,003	August 2018
Jackson Elementary School - multi-purpose room project	5,432,277	November 2018
Jefferson Elementary School - roofing replacement	22,405	July 2018
Madison Elementary School - new relocatable building	48,233	August 2019
Quail Lake Environmental Charter School - exterior painting and signs	185,000	December 2018
Reagan Elementary School - exterior painting & signs	210,000	December 2018
Reagan Elementary School - three new relocatable buildings	553,480	November 2018
Sanger High School - four new relocatable buildings	425,000	February 2019
Sanger High School - ag farm project	280,150	August 2019
Sanger High School - central plant HVAC replacement	157,500	September 2019
Sanger High School - north gym floor improvements	60,125	July 2018
Washington Academy Middle School - HVAC phase three	886,320	November 2018
Washington Academy Middle School - CTE/STEM project	139,940	September 2019
Washington Academy Middle School - five new relocatable buildings	425,245	November 2018
New Education Complex, phase 1	825,000	June 2020
Total Projected Cost Remaining	\$ 10,745,969	

### NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the California Risk Management Authority (CRMA I and II) and the Self-Insured Schools of California (SISC III) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.



# SANGER UNIFIED SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2018

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The District has appointed one member to the governing board of CRMA II.

During the year ended June 30, 2018, the District made payment of \$1,298,018 CRMA II for workers' compensation.

The District has appointed one member to the governing board of CRMA I.

During the year ended June 30, 2018, the District made payment of \$615,727 to CRMA I for general liability and auto insurance.

The District has appointed one member to the governing board of SISC III.

During the year ended June 30, 2018, the District made payment of \$16,672,814 to SISC III for health benefits.

### NOTE 16 - RESTATEMENT OF PRIOR YEAR NET POSITION

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

#### Government-Wide Financial Statements

Net Position - Beginning	\$ 15,357,163
Inclusion of net OPEB liability from the adoption of GASB Statement No. 75	<u>(8,543,369)</u>
Net Position - Beginning as Restated	<u>\$ 6,813,794</u>

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**SANGER UNIFIED SCHOOL DISTRICT**

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances -</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable</b>
				<b>(Unfavorable)</b>
				<b>Final to Actual</b>
<b>REVENUES</b>				
Local Control Funding Formula	\$ 98,505,267	\$ 100,968,275	\$ 100,907,390	\$ (60,885)
Federal sources	6,812,618	7,565,821	7,365,166	(200,655)
Other State sources	7,084,375	10,464,403	10,754,714	290,311
Other local sources	6,361,983	10,810,337	9,878,062	(932,275)
<b>Total Revenues</b> <sup>1</sup>	<b>118,764,243</b>	<b>129,808,836</b>	<b>128,905,332</b>	<b>(903,504)</b>
<b>EXPENDITURES</b>				
Current				
Certificated salaries	50,380,223	52,008,143	51,840,287	167,856
Classified salaries	16,444,536	17,685,747	17,692,491	(6,744)
Employee benefits	25,418,785	27,379,386	26,679,060	700,326
Books and supplies	9,684,797	10,890,854	9,923,654	967,200
Services and operating expenditures	9,138,099	11,272,464	10,102,473	1,169,991
Other outgo	1,308,600	1,153,031	704,203	448,828
Capital outlay	7,182,900	16,022,697	15,572,428	450,269
Debt service - principal	2,599,878	2,729,643	2,692,035	37,608
Debt service - interest	1,393,162	1,407,579	1,796,730	(389,151)
<b>Total Expenditures</b> <sup>1</sup>	<b>123,550,980</b>	<b>140,549,544</b>	<b>137,003,361</b>	<b>3,546,183</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(4,786,737)</b>	<b>(10,740,708)</b>	<b>(8,098,029)</b>	<b>2,642,679</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	514,347	777,037	681,603	(95,434)
Other sources	-	12,507,030	14,032,030	1,525,000
Transfers out	(247,946)	(236,772)	(234,023)	2,749
<b>Net Financing Sources (Uses)</b>	<b>266,401</b>	<b>13,047,295</b>	<b>14,479,610</b>	<b>1,432,315</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,520,336)</b>	<b>2,306,587</b>	<b>6,381,581</b>	<b>4,074,994</b>
<b>Fund Balance - Beginning</b>	<b>22,680,568</b>	<b>22,680,568</b>	<b>22,680,568</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 18,160,232</b>	<b>\$ 24,987,155</b>	<b>\$ 29,062,149</b>	<b>\$ 4,074,994</b>

<sup>1</sup> Due to the consolidation of Fund 17, Special Reserve Non-Capital Fund, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the actual revenues and expenditures, however, are not included in the original and final General Fund budgets.

See accompanying note to required supplementary information.

**SANGER UNIFIED SCHOOL DISTRICT**

**CHARTER SCHOOLS FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances -</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable</b>
				<b>(Unfavorable)</b>
				<b>Final to Actual</b>
<b>REVENUES</b>				
Local Control Funding Formula	\$ 13,053,369	\$ 12,891,498	\$ 12,818,112	\$ (73,386)
Other State sources	787,432	1,596,672	1,581,660	(15,012)
Other local sources	138,850	278,989	315,576	36,587
<b>Total Revenues</b>	<b>13,979,651</b>	<b>14,767,159</b>	<b>14,715,348</b>	<b>(51,811)</b>
<b>EXPENDITURES</b>				
Current				
Certificated salaries	6,168,227	6,297,203	6,272,983	24,220
Classified salaries	492,364	521,563	522,254	(691)
Employee benefits	2,447,260	2,672,634	2,556,133	116,501
Books and supplies	783,692	780,489	678,031	102,458
Services and operating expenditures	3,308,862	3,605,331	3,593,966	11,365
Other outgo	2,800	2,833	2,833	-
Capital outlay	-	425,770	457,858	(32,088)
<b>Total Expenditures</b>	<b>13,203,205</b>	<b>14,305,823</b>	<b>14,084,058</b>	<b>221,765</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>776,446</b>	<b>461,336</b>	<b>631,290</b>	<b>169,954</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	232,946	221,772	216,251	(5,521)
Transfers out	(514,347)	(777,037)	(681,603)	95,434
<b>Net Financing Sources (Uses)</b>	<b>(281,401)</b>	<b>(555,265)</b>	<b>(465,352)</b>	<b>89,913</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>495,045</b>	<b>(93,929)</b>	<b>165,938</b>	<b>259,867</b>
<b>Fund Balance - Beginning</b>	<b>1,707,773</b>	<b>1,707,773</b>	<b>1,707,773</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 2,202,818</b>	<b>\$ 1,613,844</b>	<b>\$ 1,873,711</b>	<b>\$ 259,867</b>

See accompanying note to required supplementary information.

# SANGER UNIFIED SCHOOL DISTRICT

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

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	<u>2017</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 712,620
Interest	297,891
Benefit payments	<u>(748,121)</u>
<b>Net change in total OPEB liability</b>	262,390
<b>Total OPEB liability - beginning</b>	<u>9,888,469</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 10,150,859</u></u>
<b>Covered payroll</b>	<u>N/A <sup>1</sup></u>
<b>District's total OPEB liability as a percentage of covered payroll</b>	<u>N/A <sup>1</sup></u>

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<sup>1</sup> The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

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

See accompanying note to required supplementary information.

# SANGER UNIFIED SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM FOR THE YEAR ENDED JUNE 30, 2018

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Year ended June 30,	<u>2018</u>
District's proportion of the net OPEB liability	<u>0.1821%</u>
District's proportionate share of the net OPEB liability	<u>\$ 766,222</u>
District's covered-employee payroll	<u>N/A <sup>1</sup></u>
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	<u>N/A <sup>1</sup></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.01%</u>

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<sup>1</sup> As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

See accompanying note to required supplementary information.

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**SANGER UNIFIED SCHOOL DISTRICT**

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

	<u>2018</u>	<u>2017</u>
<b>CalSTRS</b>		
District's proportion of the net pension liability	<u>0.1006%</u>	<u>0.0987%</u>
District's proportionate share of the net pension liability	\$ 93,033,848	\$ 79,859,396
State's proportionate share of the net pension liability associated with the District	<u>55,038,038</u>	<u>45,462,530</u>
Total	<u>\$ 148,071,886</u>	<u>\$ 125,321,926</u>
District's covered - employee payroll	<u>\$ 54,022,711</u>	<u>\$ 49,651,314</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>172.21%</u>	<u>160.84%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69%</u>	<u>70%</u>
<b>CalPERS</b>		
District's proportion of the net pension liability	<u>0.1399%</u>	<u>0.1345%</u>
District's proportionate share of the net pension liability	<u>\$ 33,407,023</u>	<u>\$ 26,558,884</u>
District's covered - employee payroll	<u>\$ 17,857,049</u>	<u>\$ 17,365,561</u>
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	<u>187.08%</u>	<u>152.94%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>

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

See accompanying note to required supplementary information.



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<u>2016</u>	<u>2015</u>
<u>0.0990%</u>	<u>0.0958%</u>
\$ 66,678,343	\$ 55,983,491
<u>35,265,493</u>	<u>33,805,249</u>
<u>\$ 101,943,836</u>	<u>\$ 89,788,740</u>
<u>\$ 46,886,441</u>	<u>\$ 43,340,921</u>
<u>142.21%</u>	<u>129.17%</u>
<u>74%</u>	<u>77%</u>
<u>0.1322%</u>	<u>0.1287%</u>
<u>\$ 19,483,075</u>	<u>\$ 14,608,651</u>
<u>\$ 14,529,938</u>	<u>\$ 13,514,901</u>
<u>134.09%</u>	<u>108.09%</u>
<u>79%</u>	<u>83%</u>

# SANGER UNIFIED SCHOOL DISTRICT

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

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	<u>2018</u>	<u>2017</u>
<b>CalSTRS</b>		
Contractually required contribution	\$ 8,218,327	\$ 6,796,057
Contributions in relation to the contractually required contribution	<u>8,218,327</u>	<u>6,796,057</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 56,953,063</u>	<u>\$ 54,022,711</u>
Contributions as a percentage of covered - employee payroll	<u>14.43%</u>	<u>12.58%</u>
 <b>CalPERS</b>		
Contractually required contribution	\$ 2,962,961	\$ 2,479,987
Contributions in relation to the contractually required contribution	<u>2,962,961</u>	<u>2,479,987</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 19,077,722</u>	<u>\$ 17,857,049</u>
Contributions as a percentage of covered - employee payroll	<u>15.531%</u>	<u>13.888%</u>

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

See accompanying note to required supplementary information.

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<u>2016</u>	<u>2015</u>
\$ 5,327,586	\$ 4,163,516
<u>5,327,586</u>	<u>4,163,516</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 49,651,314</u>	<u>\$ 46,886,441</u>
<u>10.73%</u>	<u>8.88%</u>
\$ 2,057,298	\$ 1,710,319
<u>2,057,298</u>	<u>1,710,319</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 17,365,561</u>	<u>\$ 14,529,938</u>
<u>11.847%</u>	<u>11.77%</u>

# SANGER UNIFIED SCHOOL DISTRICT

## NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2018

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### NOTE 1 - PURPOSE OF SCHEDULES

#### **Budgetary Comparison Schedules**

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

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

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

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

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

#### **Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program**

This schedule presents information on the District's proportionate share of the net OPEB Liability - MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

*Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.

*Changes of Assumptions* - The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent since the previous valuation.

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

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

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

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

# **SANGER UNIFIED SCHOOL DISTRICT**

## **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2018**

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### **Schedule of District Contributions**

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

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***SUPPLEMENTARY INFORMATION***

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**SANGER UNIFIED SCHOOL DISTRICT**

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through California Department of Education (CDE):			
Title I - Part A, Basic	84.010	14329	\$ 3,284,210
Title I - Part C, Migrant Education - Regular	84.011	14326	49,196
Title I - Part G, Advanced Placement Fee Program	84.330B	14831	4,501
Title II - Part A, Supporting Effective Instruction	84.367	14341	415,748
Title III - English Language Acquisition - IEP	84.365	15146	295
Title III - English Language Acquisition - LEP	84.365	14346	177,830
Title IV - 21st Century Community Learning Centers	84.287	14349	175,000
Special Education Cluster			
Special Education - Basic Local Assistance	84.027	13379	1,373,692
Special Education - Preschool Local Entitlement, Part B, Section 611	84.027A	13682	193,394
Special Education - Supporting Inclusive Practices	84.027A	13693	1,101
Special Education - Preschool Grants, Part B, Section 619	84.173	13430	62,028
Subtotal - Special Education Cluster			<u>1,630,215</u>
Vocational Education - Technology Secondary II C	84.048	13924	94,674
Total U.S. Department of Education			<u>5,831,669</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through CDE:			
Child Nutrition Cluster			
National School Lunch	10.555	13391	3,967,895
Basic Breakfast	10.553	13525	28,288
Especially Needy Breakfast	10.553	13526	1,654,429
Meals Supplements - Snack	10.555	13391	266,777
Food Distribution - Commodities	10.555	13391	484,751
Summer Food Program	10.559	13004	150,998
Subtotal - Child Nutrition Cluster			<u>6,553,138</u>
Child and Adult Care Food Program	10.558	13393	231,526
Forest Reserve	10.665	10044	13,984
Total U.S. Department of Agriculture			<u>6,798,648</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through California Department of Health Care Services:			
Medi-Cal Administrative Activities	93.778	10060	204,694
Medi-Cal Option Billing	93.778	10013	179,279
Total U.S. Department of Health and Human Services			<u>383,973</u>
Total Expenditures of Federal Awards			<u>\$ 13,014,290</u>

See accompanying note to supplementary information.

# SANGER UNIFIED SCHOOL DISTRICT

## LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2018

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### ORGANIZATION

The Sanger Unified School District was unified in 1965 and consists of an area comprising approximately 180 square miles. The District operates twelve elementary schools, one middle school, one high school, one continuation high school, three charter schools, one community day school, one alternative education school, and one adult school. There were no boundary changes during the year.

### GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Peter R. Filippi	President	2018
Marcy Masumoto	Vice President	2020
Ismael (Mike) Hernandez	Clerk	2020
Jesse Vasquez	Member	2018
G. Brandon Vang	Member	2020
Kenneth R. Marcantonio	Member	2018
Tammy Wolfe	Member	2020

### ADMINISTRATION

Matthew J. Navo	Superintendent
Eduardo Martinez	Associate Superintendent
Adela Jones	Associate Superintendent
Brad Pawlowski	Chief Operations Officer
Marsha Alfving, CPA	Chief Financial Officer

See accompanying note to supplementary information.



**SANGER UNIFIED SCHOOL DISTRICT**

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

	Second Period Report	Annual Report
<b>SANGER UNIFIED SCHOOL DISTRICT</b>		
Regular ADA		
Transitional kindergarten through third	3,133.65	3,149.40
Fourth through sixth	2,409.67	2,412.47
Seventh and eighth	1,518.46	1,519.46
Ninth through twelfth	3,022.90	3,008.37
Total Regular ADA	<u>10,084.68</u>	<u>10,089.70</u>
Community Day School		
Seventh and eighth	7.36	8.37
Ninth through twelfth	33.35	34.79
Total Community Day School	<u>40.71</u>	<u>43.16</u>
Total ADA	<u><u>10,125.39</u></u>	<u><u>10,132.86</u></u>
<b>HALLMARK CHARTER SCHOOL</b>		
Regular ADA - All non-classroom based		
Transitional kindergarten through third	49.50	50.63
Fourth through sixth	74.02	72.47
Seventh and eighth	79.74	80.08
Ninth through twelfth	159.40	161.33
Total ADA	<u>362.66</u>	<u>364.51</u>
<b>QUAIL LAKE ENVIRONMENTAL CHARTER SCHOOL</b>		
Regular ADA - All classroom based		
Transitional kindergarten through third	278.62	278.53
Fourth through sixth	187.40	187.36
Seventh and eighth	81.66	81.44
Total ADA	<u>547.68</u>	<u>547.33</u>
<b>SANGER ACADEMY CHARTER SCHOOL</b>		
Regular ADA - All classroom based		
Transitional kindergarten through third	291.26	291.90
Fourth through sixth	193.30	193.18
Seventh and eighth	117.29	117.66
Total ADA	<u>601.85</u>	<u>602.74</u>

See accompanying note to supplementary information.

**SANGER UNIFIED SCHOOL DISTRICT**

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

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**SANGER UNIFIED SCHOOL DISTRICT**

Grade Level	1986-1987	2017-2018	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	45,065	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,180	180	N/A	Complied
Grade 2		54,180	180	N/A	Complied
Grade 3		54,180	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		55,980	180	N/A	Complied
Grade 5		55,980	180	N/A	Complied
Grade 6		55,980	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		58,160	180	N/A	Complied
Grade 8		58,160	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,826	180	N/A	Complied
Grade 10		64,826	180	N/A	Complied
Grade 11		64,826	180	N/A	Complied
Grade 12		64,826	180	N/A	Complied

See accompanying note to supplementary information.

**SANGER UNIFIED SCHOOL DISTRICT**

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

**QUAIL LAKE ENVIRONMENTAL CHARTER SCHOOL**

Grade Level	Minutes Requirement	2017-2018	Number of Days		Status
		Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	43,755	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,270	180	N/A	Complied
Grade 2		56,070	180	N/A	Complied
Grade 3		56,070	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		56,070	180	N/A	Complied
Grade 5		56,070	180	N/A	Complied
Grade 6		56,070	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		56,070	180	N/A	Complied
Grade 8		56,070	180	N/A	Complied

**SANGER ACADEMY CHARTER SCHOOL**

Grade Level	Minutes Requirement	2017-2018	Number of Days		Status
		Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	47,700	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		57,260	180	N/A	Complied
Grade 2		57,260	180	N/A	Complied
Grade 3		57,260	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		57,260	180	N/A	Complied
Grade 5		58,680	180	N/A	Complied
Grade 6		58,680	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		59,828	180	N/A	Complied
Grade 8		59,828	180	N/A	Complied

See accompanying note to supplementary information.

# SANGER UNIFIED SCHOOL DISTRICT

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

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Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>Building Fund</u>
FUND BALANCE	
Balance, June 30, 2018, Unaudited Actuals	\$ 34,369,303
Decrease in:	
Cash in county treasury - FMV adjustment	(515,086)
Balance, June 30, 2018, Audited Financial Statement	<u>\$ 33,854,217</u>

See accompanying note to supplementary information.

# SANGER UNIFIED SCHOOL DISTRICT

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

	(Budget)			
	2019 <sup>1,4</sup>	2018 <sup>4</sup>	2017 <sup>4</sup>	2016 <sup>4</sup>
<b>GENERAL FUND</b>				
Revenues	\$ 132,851,471	\$ 128,905,236	\$ 124,562,693	\$ 115,981,884
Other sources and transfers in	193,000	14,713,633	4,449,567	1,133,604
<b>Total Revenues</b>				
and Other Sources	133,044,471	143,618,869	129,012,260	117,115,488
Expenditures	135,889,567	137,003,361	126,730,308	108,485,792
Other uses and transfers out	245,000	234,022	236,524	195,659
<b>Total Expenditures</b>				
and Other Uses	136,134,567	137,237,383	126,966,832	108,681,451
<b>INCREASE/(DECREASE)</b>				
<b>IN FUND BALANCE</b>	\$ (3,090,096)	\$ 6,381,486	\$ 2,045,428	\$ 8,434,037
<b>ENDING FUND BALANCE</b>	\$ 25,966,516	\$ 29,056,612	\$ 22,675,126	\$ 20,629,698
<b>AVAILABLE RESERVES <sup>2</sup></b>	\$ 12,712,492	\$ 8,137,270	\$ 4,776,243	\$ 5,583,382
<b>AVAILABLE RESERVES AS A</b>				
<b>PERCENTAGE OF TOTAL OUTGO</b>	9.34%	5.93%	3.76%	5.14%
<b>LONG-TERM OBLIGATIONS <sup>5</sup></b>	Not Available	\$ 171,619,009	\$ 165,683,142	\$ 118,058,394
<b>AVERAGE DAILY</b>				
<b>ATTENDANCE AT P-2 <sup>3</sup></b>	10,221	10,125	9,777	9,537

The General Fund balance has increased by \$8,426,914 over the past two years. The fiscal year 2018-2019 budget projects a decrease of \$3,090,096 (10.63 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years, but anticipates incurring an operating deficit during the 2018-2019 fiscal year. Total long-term obligations have increased by \$53,560,615 over the past two years primarily due to the issuance of general obligation bonds and certificates of participation, and the implementation of GASB Statement No. 75.

Average daily attendance has increased by 588 over the past two years. Additional growth of 96 ADA is anticipated during fiscal year 2018-2019.

<sup>1</sup> Budget 2019 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.

<sup>3</sup> Excludes charter schools ADA.

<sup>4</sup> General Fund amounts do not include activity related to the consolidation of the Special Reserve Non-Capital Fund as required by GASB Statement No. 54.

<sup>5</sup> The balance of long-term obligations for the year ended June 30, 2017, has been restated due to the implementation of GASB Statement No. 75.

See accompanying note to supplementary information.

**SANGER UNIFIED SCHOOL DISTRICT**

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

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Name of Charter School	Included in Audit Report
Hallmark Charter School (Charter School Number 0257)	Yes
Quail Lake Environmental Charter School (Charter School Number 0258)	Yes
Sanger Academy Charter School (Charter School Number 0283)	Yes

See accompanying note to supplementary information.

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**SANGER UNIFIED SCHOOL DISTRICT**

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

	<b>Adult Education Fund</b>	<b>Child Development Fund</b>	<b>Cafeteria Fund</b>
<b>ASSETS</b>			
Deposits and investments	\$ 138,577	\$ 518,111	\$ 1,547,057
Receivables	237,609	83,531	1,135,259
Due from other funds	-	-	9,208
Stores inventories	-	-	21,803
<b>Total Assets</b>	<b>\$ 376,186</b>	<b>\$ 601,642</b>	<b>\$ 2,713,327</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 13,975	\$ 16,121	\$ 87,481
Due to other funds	304,187	182,145	638,555
Unearned revenue	-	174,242	-
<b>Total Liabilities</b>	<b>318,162</b>	<b>372,508</b>	<b>726,036</b>
<b>Fund Balances:</b>			
Nonspendable	-	-	21,803
Restricted	-	208,323	1,965,488
Committed	58,024	-	-
Assigned	-	20,811	-
<b>Total Fund Balances</b>	<b>58,024</b>	<b>229,134</b>	<b>1,987,291</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 376,186</b>	<b>\$ 601,642</b>	<b>\$ 2,713,327</b>

See accompanying note to supplementary information.



<b>Deferred Maintenance Fund</b>	<b>Capital Facilities Fund</b>	<b>County School Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ 890,696	\$ 3,245,523	\$ 86,381	\$ 6,336,222	\$ 12,762,567
4,330	14,194	402	26,158	1,501,483
755	-	-	-	9,963
-	-	-	-	21,803
<u>\$ 895,781</u>	<u>\$ 3,259,717</u>	<u>\$ 86,783</u>	<u>\$ 6,362,380</u>	<u>\$ 14,295,816</u>
\$ 246,953	\$ 18,097	\$ -	\$ -	\$ 382,627
-	-	-	-	1,124,887
-	-	-	-	174,242
<u>246,953</u>	<u>18,097</u>	<u>-</u>	<u>-</u>	<u>1,681,756</u>
-	-	-	-	21,803
-	3,241,620	86,783	6,362,380	11,864,594
648,828	-	-	-	706,852
-	-	-	-	20,811
<u>648,828</u>	<u>3,241,620</u>	<u>86,783</u>	<u>6,362,380</u>	<u>12,614,060</u>
<u>\$ 895,781</u>	<u>\$ 3,259,717</u>	<u>\$ 86,783</u>	<u>\$ 6,362,380</u>	<u>\$ 14,295,816</u>

**SANGER UNIFIED SCHOOL DISTRICT**

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

	<b>Adult Education Fund</b>	<b>Child Development Fund</b>
<b>REVENUES</b>		
Local Control Funding Formula	\$ -	\$ -
Federal sources	-	-
Other State sources	928,824	1,124,225
Other local sources	118,647	9,747
<b>Total Revenues</b>	<b>1,047,471</b>	<b>1,133,972</b>
<b>EXPENDITURES</b>		
Current		
Instruction	723,772	789,841
Instruction-related activities:		
School site administration	275,597	249,291
Pupil services:		
Food services	-	-
All other pupil services	134,626	-
Administration:		
All other administration	-	52,675
Plant services	33,408	2,684
Facility acquisition and construction	257,882	6,450
Debt service		
Principal	-	-
Interest and other	-	-
<b>Total Expenditures</b>	<b>1,425,285</b>	<b>1,100,941</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(377,814)</b>	<b>33,031</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	-	-
Other sources	-	-
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(377,814)</b>	<b>33,031</b>
<b>Fund Balance - Beginning</b>	<b>435,838</b>	<b>196,103</b>
<b>Fund Balance - Ending</b>	<b>\$ 58,024</b>	<b>\$ 229,134</b>

See accompanying note to supplementary information.

<b>Cafeteria Fund</b>	<b>Deferred Maintenance Fund</b>	<b>Capital Facilities Fund</b>	<b>County School Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ -	\$ 900,000	\$ -	\$ -	\$ -	\$ 900,000
6,299,913	-	-	-	-	6,299,913
461,731	-	-	-	63,154	2,577,934
782,890	16,257	2,575,218	836	7,288,286	10,791,881
<u>7,544,534</u>	<u>916,257</u>	<u>2,575,218</u>	<u>836</u>	<u>7,351,440</u>	<u>20,569,728</u>
-	-	-	-	-	1,513,613
-	-	-	-	-	524,888
6,789,200	-	-	-	-	6,789,200
-	-	-	-	-	134,626
363,435	-	55,439	-	-	471,549
173,099	9,923	40,446	-	-	259,560
24,893	797,362	86,341	-	-	1,172,928
-	-	650,000	-	3,265,000	3,915,000
-	-	357,028	-	4,323,504	4,680,532
<u>7,350,627</u>	<u>807,285</u>	<u>1,189,254</u>	<u>-</u>	<u>7,588,504</u>	<u>19,461,896</u>
<u>193,907</u>	<u>108,972</u>	<u>1,385,964</u>	<u>836</u>	<u>(237,064)</u>	<u>1,107,832</u>
17,772	-	-	-	-	17,772
-	-	-	-	4,774	4,774
<u>17,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,774</u>	<u>22,546</u>
211,679	108,972	1,385,964	836	(232,290)	1,130,378
1,775,612	539,856	1,855,656	85,947	6,594,670	11,483,682
<u>\$ 1,987,291</u>	<u>\$ 648,828</u>	<u>\$ 3,241,620</u>	<u>\$ 86,783</u>	<u>\$ 6,362,380</u>	<u>\$ 12,614,060</u>

# SANGER UNIFIED SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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### NOTE 1 - PURPOSE OF SCHEDULES

#### Schedule of Expenditures of Federal Awards

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of Food Distribution funds that are not recorded as revenues or expenditures by the District, and a Qualified School Construction Bond Federal interest subsidy that is not required to be reflected on the Schedule of Expenditures of Federal Awards but has been recorded as revenues.

	<u>CFDA Number</u>	<u>Amount</u>
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 13,665,079
Reconciling items:		
Food Distribution - Commodities	10.555	484,751
Qualified School Construction Bond interest subsidy	Not Applicable	<u>(1,135,540)</u>
Total Schedule of Expenditures of Federal Awards		<u><u>\$ 13,014,290</u></u>

#### Local Education Agency Organization Structure

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

#### Schedule of Average Daily Attendance (ADA)

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

#### Schedule of Instructional Time

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

# SANGER UNIFIED SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2018

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

### **Reconciliation of Annual Financial and Budget Report With Audited Financial Statements**

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

### **Schedule of Financial Trends and Analysis**

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

### **Schedule of Charter Schools**

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

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

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

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***INDEPENDENT AUDITOR'S REPORTS***

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governing Board  
Sanger Unified School District  
Sanger, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sanger Unified School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Sanger Unified School District's basic financial statements, and have issued our report thereon dated December 7, 2018.

***Emphasis of Matter - Change in Accounting Principles***

As discussed in Note 1 and Note 16 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

We noted certain matters that we reported to management of Sanger Unified School District in a separate letter dated December 7, 2018.

## Purpose of This Report

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

Varrink, Trine, Day & Co., LLP

Fresno, California  
December 7, 2018





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

Governing Board  
Sanger Unified School District  
Sanger, California

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*Varrink, Trine, Day & Co, LLP*

Fresno, California  
December 7, 2018



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Sanger Unified School District  
Sanger, California

### Report on State Compliance

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

### *Management's Responsibility*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance of each of the Sanger Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Sanger Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Sanger Unified School District's compliance with those requirements.

### *Unmodified Opinion*

In our opinion, Sanger Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2018.

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

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

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

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

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

The District does not offer an apprenticeship program; therefore, we did not perform procedures related to Apprenticeship: Related and Supplemental Instruction.

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

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to Independent Study - Course Based.

Additionally, we did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

*Vannink, Trine, Day & Co, LLP*

Fresno, California  
December 7, 2018

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**SANGER UNIFIED SCHOOL DISTRICT**

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

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>
Identification of major Federal programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I, Part A, Basic</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Type of auditor's report issued on compliance for programs:	<u>Unmodified</u>
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**SANGER UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

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None reported.



**SANGER UNIFIED SCHOOL DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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None reported.

**SANGER UNIFIED SCHOOL DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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None reported.

**SANGER UNIFIED SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

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There were no audit findings in the prior year's schedule of financial statement findings.



Governing Board  
Sanger Unified School District  
Sanger, California

In planning and performing our audit of the financial statements of Sanger Unified School District (the District) for the year ended June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 7, 2018, on the government-wide financial statements of the District.

***KINGS RIVER HIGH SCHOOL AND TAFT INDEPENDENT STUDY SCHOOL - ASSOCIATED STUDENT BODY (ASB)***

***Fundraiser***

**Observation**

During our audit, we discovered the site had a fundraiser where chocolate was sold by students and the front office. The following weaknesses were discovered:

- Bank deposits were not made timely to the bank.
- Chocolate sold in the office had no tracking mechanism in place. The site had a cash box for collections with no documentation to determine how much should be in the cash box.
- There was no inventory control present for boxes of chocolate that were maintained in the Office. This includes chocolate boxes that were not given to students for sales or for unsold boxes returned by students which were being sold from the front office.

**Recommendation**

To strengthen the internal controls over fundraisers the site should implement the following procedures.

- Bank deposits should be made every week. During events of high activity, more frequent deposits may be necessary.
- All sales made in the front office should have supporting documentation. This can be in the form of a daily tally sheet that would track the number of chocolates sold on that one day. The tally sheet would then be used to reconcile the number of funds received to the bank deposit made or to the amount of undeposited funds on hand.
- Inventory controls must be present to ensure funds were deposited for all items sold. The inventory form should track the number of items sold which would be then be reconciled to the daily tally sheet and also be used to calculate the remaining number of items available for sale. The available for sale amount should be periodically verified to the actual amount on hand.

***MADISON ELEMENTARY SCHOOL - ASSOCIATED STUDENT BODY (ASB)***

***Snack Sales and Inventory***

**Observation**

Snacks and popsicles are sold by the site after school hours. Currently, there is no reconciliation or accounting for the total funds that should have been collected using some form of recorded inventory. No physical count of inventory is performed or maintained.

**Recommendation**

To improve internal controls a sales analysis should be completed by whoever has responsibility for collecting sales and stocking of the inventory. This form should be forwarded to the bookkeeper along with all cash collected from the shop. The form should track the merchandise purchases, item counts each time the merchandise is restocked, and the revenue that should have been collected based on the number of items sold for the period and the price of the items. The monies collected should be verified and receipted immediately. According to the policies and procedures outlined in the *Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference* published by the Fiscal Crisis & Management Assistance Team (FCMAT) which is available at [fcmat.org](http://fcmat.org), a physical inventory should be taken quarterly. The inventory listing should contain a description, unit cost, quantity, and extended value. This information is necessary in order to analyze sales activity, profits, and to determine if merchandise has been lost or stolen.

We will review the status of the current year comments during our next audit engagement.

*Vannink, Trine, Day & Co., LLP*

Fresno, California  
December 7, 2018

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## APPENDIX B

### GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

#### General Information

The District was unified in 1965 from the combination of separate school districts located within the current boundaries of the District. The area of the District consists of approximately 180 square miles, and encompasses the City of Sanger, a portion of the cities of Fresno and Clovis, and adjacent portions of the County which are unincorporated. The District operates fourteen elementary schools, one middle school, one high school, three charter schools, three alternative schools and an adult school. Nine preschool centers are operated by the District. Enrollment in fiscal year 2018-19 is approximately 12,192 students.

The District has granted and approved three charter schools pursuant to Education Code Section 47605, being the Quail Lake Environmental Charter School, the Hallmark Charter School, and the Sanger Academy Charter School. The charter schools are operated by the District, and their financial activities are presented in the District's audited financial statements in the Charter School Special Revenue Fund.

#### Administration

**Board of Trustees.** The District is governed by a seven-member Board of Trustees that governs all activities related to public K-12 education. The District is divided into trustee areas, and each trustee area elects its respective Board member for a four-year term of office. Each year, the Board elects its President, Vice President and Clerk from among its own members.

Current members of the Board of Trustees, together with their office and the date their term expires, are listed below.

#### SANGER UNIFIED SCHOOL DISTRICT Board of Trustees

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Peter R. Filippi	President	November 2022
Ismael (Mike) Hernandez	Vice President	November 2020
G. Brandon Vang	Clerk	November 2020
Rick J. Duran	Member	November 2020
Jesse Solorio	Member	November 2022
Jesse Vasquez	Member	November 2022
Tammy Wolfe	Member	November 2020

***Superintendent and Administrative Personnel.*** The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. The following are brief biographies for key personnel.

***Adela Madrigal Jones, Superintendent:*** Ms. Jones joined the District in 1987 as an elementary school teacher before leaving the classroom to work in the English Learner Services Department. Ms. Jones then moved on to administration, becoming a vice principal and then an elementary school principal, an area administrator with direct oversight of the District's transition to new standards and accountability, and eventually Associate Superintendent of Curriculum and Instruction. She assumed the role of Superintendent of the District in July of 2018. Ms. Jones received her Bachelor's Degree in Education from California State University, Fresno and her Master's Degree in Bilingual Education from Fresno Pacific University. Along with her credential in Multiple Subjects, she also has her Bilingual Specialist Credential, as well as her Professional Administrative Credential.

***Eduardo Martinez, Associate Superintendent, Administrative Services:*** Mr. Martinez joined the District in 2003 as an elementary school principal and has served in his current position since 2008. Prior to joining the District, he was employed by Clovis Unified School District and Parlier Unified School District and served in several positions including elementary and middle school teacher, guidance instructional specialist, and Learning Director. He received his Masters degree from California State University, Fresno in Educational Administration and Supervision and has 28 years of experience in the field of education.

***Marsha Alfvig, CPA, Chief Financial Officer:*** Ms. Alfvig joined the District in 2009 as Accounting Manager and was named Chief Financial Officer in 2013. Her previous experience includes six years in public accounting in both the auditing and taxation areas with a focus on non-profit and governmental entities. She received her Bachelor of Science degree from California State University, Fresno in Business Administration-Accounting Option and holds a current and active CPA license in California.

***Ryan Kilby, Chief Operations Officer:*** Mr. Kilby joined the District in 2017 as Director of Support Services and was named Chief Operations Officer in 2018. His previous experience includes over twenty years in operations. He received his Associate of Science degree in Business Administration from Reedley College and is completing his Bachelor's degree at Southern New Hampshire University. He is also in the process of completing his Chief Business Official Certification.



**Recent Enrollment Trends**

The following table shows recent enrollment history for the District, including charter schools.

**ANNUAL ENROLLMENT  
Fiscal Years 2006-07 through 2019-20 (Projected)  
Sanger Unified School District**

<u>School Year</u>	<u>Enrollment<sup>†</sup></u>	<u>% Change</u>
2006-07	9,688	--
2007-08	10,129	4.6%
2008-09	10,368	2.4
2009-10	10,501	1.3
2010-11	10,752	2.4
2011-12	10,872	1.1
2012-13	10,916	0.4
2013-14	11,140	2.1
2014-15	11,204	0.6
2015-16	11,438	2.1
2016-17	11,722	2.5
2017-18	12,102	3.2
2018-19	12,303	1.7
2019-20*	12,399	0.8

<sup>†</sup> Includes enrollment at the District's three dependent locally funded charter schools.  
\*Projected.  
Source: Sanger Unified School District.

**Employee Relations**

The District has 664.7 full time equivalent (“FTE”) certificated employees, 445.7 FTE classified employees and 99.7 management/Supervisor/Confidential FTE employees. District employees are represented by employee bargaining units as follows:

<u>Name of Bargaining Unit</u>	<u>Current Contract Expiration Date</u>
Sanger Unified Teachers Association	June 30, 2019
California School Employees Association	June 30, 2019

Source: Sanger Unified School District.

## DISTRICT FINANCIAL INFORMATION

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

### Education Funding Generally

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

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

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local education agency’s base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

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

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

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

Grade Span	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 Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related

legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

**District Accounting Practices**

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

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see "APPENDIX A – Audited Financial Statements of the District for Fiscal Year Ending June 30, 2018 – Note 1 - Significant Accounting Policies" herein.

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

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

**Financial Statements**

**General.** The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2018 Audited Financial Statements were prepared by Vavrinek, Trine, Day & Co., LLP, Fresno, California and are attached hereto as Appendix A. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Associate Superintendent, Administrative Services of the District, Sanger Unified School District, 1905 7<sup>th</sup> Street, Sanger, California 93657, telephone (559) 524-6521. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in

this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

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

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**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Fiscal Years 2013-14 through 2017-18 (Audited)<sup>(1)</sup>**  
**Sanger Unified School District**

	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
<b>SOURCES</b>					
LCFF Sources <sup>(2)</sup>	\$64,810,693	\$74,024,907	\$87,169,302	\$95,363,339	\$100,907,390
Federal revenues	6,317,297	6,787,053	6,975,324	7,195,917	7,365,166
Other state revenues	8,367,437	7,598,054	13,161,926	11,705,589	10,754,714
Other local revenues	7,083,343	7,427,073	8,675,405	10,297,927	9,878,062
Total Sources	86,578,770	95,837,087	115,981,957	124,562,772	128,905,332
<b>EXPENDITURES</b>					
Instruction	47,754,241	55,647,808	58,984,255	66,935,649	72,458,116
Supervision of instruction	4,711,803	3,268,284	3,961,786	4,847,035	3,826,809
Instructional library, media, tech	752,968	1,056,715	1,412,549	1,636,271	1,635,649
School site administration	5,720,040	6,369,091	6,649,837	7,492,005	7,842,282
Pupil services: Home-to-school transport.	3,013,572	2,828,059	3,419,124	3,308,252	5,186,017
Food services	--	--	--	61,672	--
All other pupil services	5,434,768	6,491,640	7,054,646	7,765,714	8,272,793
General administration: Data Processing.	635,583	1,191,172	703,726	365,958	544,516
All other general administration	3,359,012	3,797,258	5,071,997	4,792,187	3,927,310
Plant services	10,216,771	11,510,688	11,464,924	12,618,202	12,563,244
Facility acquisition and construction	206,393	6,460,345	2,482,493	10,440,153	13,800,152
Ancillary services	959,432	1,073,830	1,164,370	812,042	960,292
Community services	15,168	24,539	20,262	19,839	24,463
Other outgo	1,177,724	1,220,962	1,569,788	1,566,236	1,472,953
Debt service					
Principal	443,641	658,914	3,177,068	2,658,405	2,692,035
Interest	118,637	113,054	1,348,967	1,410,688	1,796,730
Total Expenditures	82,538,282	101,712,359	108,485,792	126,730,308	137,003,361
Excess of (Deficiency) Revenues Over (Under) Expenditures	2,059,017	(5,875,272)	7,496,165	(2,167,536)	(8,098,029)
<b>OTHER FINANCING SOURCES</b>					
Operating transfers in <sup>(3)</sup>	328,775	--	1,133,604	1,646,514	681,603
Operating transfers out <sup>(4)</sup>	(1,262,896)	(645,232)	(195,659)	(236,524)	(234,023)
Other Sources (Uses) <sup>(5)</sup>	125,919	7,965,427	--	2,803,053	14,032,030
Total Other Financing Sources (Uses)	(808,202)	7,320,195	937,945	4,213,043	14,479,610
NET change in fund balance	1,250,815	1,444,923	8,434,110	2,045,507	6,381,581
Fund Balance, July 1	9,505,213	10,756,028	12,200,951	20,635,061	22,680,568
Fund Balance, June 30	\$10,756,028	\$12,200,951	\$20,635,061	\$22,680,568	\$29,062,149

(1) Columns may not add to totals due to rounding.

(2) LCFF commenced in fiscal year 2013-14.

(3) Operating transfers in comprised of charter fund allocations to general fund to accommodate centralized expenditures

(4) Operating transfers out for deferred maintenance, adult education, child development fund, cafeteria fund and charter school operations maintained in separate fund.

(5) Other sources derived from capital leases and other financing sources payable from the general fund of the District. In particular, fiscal year 2014-15 sources include \$7.2 million derived from lease purchases for an operations building and technology infrastructure. Fiscal year 2016-17 sources include \$1.06 million derived from a California Energy Commission interest-free loan for energy projects. Fiscal year 2017-18 sources include \$12.3 million derived from 2017 Certificates of Participation. All these sources have been and will be applied by the District for capital outlay purposes. See "—Existing Debt Obligations" herein for more information.

Source: Sanger Unified School District - Audited Financial Statements.

## District Budget and Interim Financial Reporting

***District Budget Process.*** 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 board of trustees must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Fresno County Superintendent of Schools (the “**County Superintendent**”), which is a separate office independent of the County.

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for board of trustees 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 board of trustees of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) after also consulting with the district's board, develop and impose revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 (“**A.B. 1200**”) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the 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 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 has 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 District Office at 1905 Seventh Street, Sanger, California 93657, Phone: (559) 524-6521. The District may impose charges for copying, mailing and handling.

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**District's General Fund Fiscal Year 2018-19 (Adopted Budget and Second Interim Projections).** The following table shows the income and expense statements for the District's General Fund for fiscal year 2018-19 (Adopted Budget and Second Interim Projections).

**SANGER UNIFIED SCHOOL DISTRICT  
General Fund - Revenues, Expenses and Changes in Fund Balance<sup>(1)</sup>  
Fiscal Year 2018-19 (Adopted Budget and Second Interim Projections)**

<b>Revenues</b>	<b>Adopted Budget 2018-19</b>	<b>Second Interim Projections 2018-19</b>
LCFF Sources	\$109,058,035	\$110,026,296
Federal Revenues	7,561,075	8,325,720
Other State Revenues	10,141,124	10,612,366
Other Local Revenues	5,249,948	6,347,794
<b>Total Revenues</b>	<b>132,010,182</b>	<b>135,312,176</b>
<b>Expenditures</b>		
Certificated Salaries	52,445,854	55,430,967
Classified Salaries	17,939,884	19,358,932
Employee Benefits	28,423,560	30,290,789
Books and Supplies	9,262,985	8,674,737
Services and Other Operating Expenditures	10,807,683	12,051,709
Capital Outlay <sup>(2)</sup>	8,884,381	12,257,378
Other Outgo (Excluding Indirect Costs)	5,708,275	6,039,964
Other Outgo – Transfers of Indirect Costs	(327,833)	(358,186)
<b>Total Expenditures</b>	<b>133,144,790</b>	<b>143,746,290</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>(1,134,608)</b>	<b>(8,434,114)</b>
<b>Other Financing Sources (Uses)</b>		
Operating Transfers In	193,000	811,564
Operating Transfers Out	(245,000)	(374,112)
Other Sources	--	--
<b>Total Other Financing Sources (Uses)</b>	<b>(52,000)</b>	<b>437,452</b>
<b>Net Change In Fund Balance</b>	<b>(1,186,608)</b>	<b>(7,996,662)</b>
Fund Balance, July 1	24,981,713	29,054,461
Fund Balance, June 30	\$23,795,105	\$21,057,799

(1) Columns may not add to totals due to rounding.

(2) Represents expenditures of 2017 Certificate of Participation proceeds on capital projects.

Source: Sanger Unified School District Adopted Budget and Second Interim Report for Fiscal Year 2018-19.

**District Reserves.** In general, the State requires that California school districts maintain the equivalent of 3% of annual general fund expenditures in reserve to be available during financial crisis. The District has historically had a reserve in excess of the 3%.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget ("SB 858"), the California Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the Board of Trustees must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which

limits the amount of reserves which may be maintained at the District level. Specifically, the legislation, among other things, enacted Education Code Section 42127.01, which became operative December 15, 2014, and provides that in any fiscal year immediately after a fiscal year in which a transfer is made to the State's Public School System Stabilization Account (the Proposition 98 reserve), a school district may not adopt a budget that contains a reserve for economic uncertainties in excess of twice the applicable minimum recommended reserve for economic uncertainties established by the State Board (for school districts with ADA over 400,000, the limit is three times the amount). Exemptions can be granted by the County Superintendent under certain circumstances.

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

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

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**Attendance - Revenue Limit and LCFF Funding**

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental and concentration funding based on Targeted Student enrollment (unduplicated count) and funding based on an economic recovery target.

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

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

<u>Fiscal Year</u>	<u>ADA<sup>(1)</sup></u>	<u>Total LCFF Funding</u>
2013-14	10,840	\$64,810,693
2014-15	10,849	74,024,906
2015-16	11,122	87,169,302
2016-17	11,377	95,363,339
2017-18	11,703	100,907,391
2018-19 <sup>(1)</sup>	11,923	110,026,296

<sup>(1)</sup> P-2 for 2018-19.  
Source: California Department of Education; the District.

Unduplicated Count. The District has a Target Student unduplicated count of approximately 71% in fiscal year 2018-19. Because this percentage is over 55%, the District qualifies for both supplemental funding and concentration funding under LCFF.

**Revenue Sources**

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

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

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

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit

before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it was entitled to. Furthermore, if a school district's share of local property tax revenues exceeded the revenue limit, the school district was deemed a "Basic Aid" district, and entitled to keep the full share of local property taxes, even if they exceeded the revenue limit which would have been provided through State funding.

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

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

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

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

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

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

## **Charter Schools**

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the California Education Code (the "**Charter School Law**"). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education or the State Board of Education. A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are to (a) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system, (b) hold schools accountable for meeting measurable pupil outcomes and provide

schools a way to shift from a rule-based to a performance-based system of accountability, and (c) provide competition within the public school system to stimulate improvements in all public schools.

There are currently three charter schools operating within the territory of the District. The District has granted and approved the three charter schools pursuant to Education Code Section 47605: the Quail Lake Environmental Charter School, the Hallmark Charter School, and the Sanger Academy Charter School. The charter schools are operated by the District, and their financial activities are presented in the District's audited financial statements in the Charter School Special Revenue Fund. The District makes no representation as to whether enrollment at such charter schools may increase at the expense of District enrollment in future years, whether additional charter schools will be established within the territory of the District, or as to the impact these or other charter school developments may have on the District's ADA or finances in future years.

**District Retirement Systems**

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

**Implementation of GASB Nos. 68 and 71.** Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. See "APPENDIX A - Audited Financial Statements of the District For Fiscal Year Ending June 30, 2018" for further information.

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

**STRS Contributions  
Sanger Unified School District  
Fiscal Years 2013-14 through 2018-19 (Projected)**

Fiscal Year	Amount
2013-14	\$3,575,626
2014-15	4,197,481
2015-16	5,327,586
2016-17	6,796,057
2017-18	8,218,327
2018-19 <sup>(1)</sup>	12,762,252*

\*Increases attributed to increase in contribution rates and modified accounting reporting requirements, which include reporting the District's proportionate share of the plan's net pension liability and recognizing on-behalf STRS contributions in governmental funds.

(1) Second Interim Projection.

Source: Sanger Unified School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately \$107.2 billion as of June 30, 2018 (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 fund the unfunded actuarial obligation with respect to service credited members of the STRS Defined Benefit Program before July 1, 2014, within 32 years. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 10.73%, 12.58%, 14.43% and 16.28% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

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

Fiscal Year	Employer Contribution Rate <sup>(1)</sup>
2019-20	18.13%
2020-21	19.10
2021-22 <sup>(2)</sup>	18.60
2022-23 <sup>(2)</sup>	18.10

(1) Expressed as a percentage of covered payroll.

(2) The employer contribution rate is projected to decrease in fiscal years 2021-22 and 2022-23. Projections may change based on actual experience.

Source: AB 1469.

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

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

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

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

**PERS Contributions  
Sanger Unified School District  
Fiscal Years 2013-14 through 2018-19 (Projected)**

Fiscal Year	Amount
2013-14	\$1,546,375
2014-15	1,724,448
2015-16	2,057,298
2016-17	2,479,987
2017-18	2,962,961
2018-19 <sup>(1)</sup>	3,206,106

(1) Second Interim Projection.  
Source: Sanger Unified 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, was 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 2020-21 are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (PERS)  
Fiscal Years 2019-20 through 2020-21<sup>(1)</sup>**

Fiscal Year	Employer Contribution Rate <sup>(2)</sup>
2019-20	20.800%
2020-21	23.500

(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 PEPPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

**Additional Information.** Additional information regarding the District's retirement programs is available in Note 9 to the District's audited financial statements attached hereto as APPENDIX A. 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](http://www.calstrs.com) and [www.calpers.ca.gov](http://www.calpers.ca.gov), respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

#### **Other Post-Employment Retirement Benefits**

**The Plan Generally.** The District's Postemployment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides post-employment healthcare benefits to eligible retirees and their spouses. Membership in the plan as of June 30, 2017 was 43 retirees and beneficiaries receiving benefit payments under the Plan, and approximately 1,125 active employees. The District has not accumulated assets in an irrevocable trust with respect to its OPEB liability.

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

**Contribution Information.** The contribution requirements of plan members and the District are established and may be amended by the District and the teachers association, the local California Service Employees Association ("CSEA"), and unrepresented groups. The benefit payment is based on pay-as-you-go financing requirements as determined annually through the agreements between the District, teachers union, CSEA and the unrepresented groups. For fiscal year 2017-18, the District contributed \$410,295 in benefits and was credited with an implicit subsidy for \$357,561 for total contributions of \$767,856.

**Actuarial Assumptions and Other Inputs.** The District's total OPEB liability of \$10,150,859 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation 3.00%, salary increases 3.00%, average, including inflation, discount rate 3.13%, and healthcare cost trend rates 6.00% for 2017 and 5.00% for 2018 and thereafter. The discount rate was based on the Bond Buyer 20-Bond General Obligation Index. Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates

were based on the RP-2014 Health Annuitant Mortality Table for Males and Females, as appropriate, without projection.

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

**Changes in OPEB Liability of the District.** The changes in OPEB liability of the District as of June 30, 2018, is shown in the following table:

**CHANGES IN TOTAL OPEB LIABILITY  
Sanger Unified School District**

	<b>Total OPEB Liability</b>
Balance at June 30, 2016	\$9,888,469
Service Cost	712,620
Interest	297,891
Benefit payments	<u>(748,121)</u>
Net changes	262,390
Balance at June 30, 2018	\$10,150,859

*Source: Sanger Unified School District Audit Report for Year Ending June 30, 2018.*

**OPEB Expense.** The District pays liability relating to OPEB on a pay-as-you-go basis. For the year ended June 30, 2018, the District recognized an OPEB expense of \$505,466.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 10 of Appendix A to the Official Statement.

**Existing Debt Obligations**

In addition to the District’s ongoing obligations with respect to retirement plans and OPEB described above, the District has outstanding general obligation bond indebtedness, as well as certificates of participation payable from the general fund, as summarized below.

**General Obligation Bonds.** In addition to the Bonds described herein, the District has other outstanding general obligation bonds or refunding bonds, each of which is secured by *ad valorem* taxes upon all property subject to taxation by the District, as summarized in the following table and as more particularly described below.

**Summary of Outstanding General Obligation Bond Debt  
Sanger Unified School District**

<b>GO Bond Issue</b>	<b>Date Issued</b>	<b>Final Maturity</b>	<b>Original Issue Amount</b>	<b>Amount Outstanding (May 1, 2019)</b>
<u>2006 Election Bonds</u>				
Series A	08/03/2006	08/01/2031	\$30,799,481.65	\$4,639,481.65
<u>2012 Election Bonds</u>				
Series A	03/28/2013	08/01/2042	15,000,000.00	12,825,000.00
Series B	10/08/2014	08/01/2044	20,000,000.00	19,300,000.00
Series C	06/22/2016	08/01/2043	15,000,000.00	14,545,000.00
<u>2016 Election Bonds</u>				
Series A	05/31/2017	08/01/2045	40,000,000.00	38,790,000.00
Series B	08/05/2018	08/01/2045	20,000,000.00	20,000,000.00
<u>Refunding Bonds</u>				
1999 Refunding Bonds	06/29/1999	08/01/2023	24,815,000.00	2,895,000.00
2014 Refunding Bonds	10/08/2014	08/01/2027	20,310,000.00	18,815,000.00
<b>TOTAL</b>			<b>\$185,924,481.65</b>	<b>\$131,809,481.65</b>

**2010 Certificates of Participation (Qualified School Construction Bonds).** On July 21, 2010, the Sanger Unified School District Financing Corporation caused the delivery of certificates of participation that were designated as Qualified School Construction Bonds in the amount of \$23,195,000 (the “**QSCB Certificates**”), bearing interest at an annual rate of 5.25%. As the QSCB Certificates are issued under the Qualified School Construction Bond program, the District receives federal subsidies that should amount to the annual required interest payments on the QSCB Certificates, less any portion of the federal subsidy that has been or may be subject to federal sequestration.

Debt service requirements for the QSCB Certificates is as follows:

**SANGER UNIFIED SCHOOL DISTRICT  
QSCB Certificates  
Debt Service**

<b>Year Ending June 30</b>	<b>Principal<sup>(1)</sup></b>	<b>Interest</b>	<b>Total<sup>(2)</sup></b>
2019	\$1,383,903	\$1,217,738	\$2,601,641
2020	1,420,639	1,217,738	2,638,377
2021	1,455,004	1,217,738	2,672,742
2022	1,485,973	1,217,738	2,703,711
2023	1,515,840	1,217,738	2,733,578
2024-2027	6,264,211	4,870,952	11,135,163
<b>Total</b>	<b>\$13,525,570</b>	<b>\$10,959,642</b>	<b>\$24,485,212</b>

(1) Mandatory sinking fund deposit. Final maturity of \$23,195,000 is on June 15, 2027.

(2) Total debt service payment does not reflect a credit for the federal subsidy payments.

Source: Sanger Unified School District - Audited Financial Statements.

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**2017 Certificates of Participation.** On August 29, 2017, the District caused the delivery of Certificates of Participation in the principal amount of \$12,585,000 for the purpose of financing real property improvements to educational facilities. The Certificates bear interest at rates between 2.00% - 3.50% with principal maturities on June 1, 2018 through June 1, 2047. The Certificates are payable from lease payments payable from the District’s general fund. The following table summarizes the repayment obligation relating to the Certificates.

**SANGER UNIFIED SCHOOL DISTRICT  
2017 Certificates of Participation Debt Service**

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<u>June 1</u>			
2019	\$290,000	\$367,262.50	\$657,262.50
2020	295,000	361,462.50	656,462.50
2021	300,000	355,562.50	655,562.50
2022	305,000	349,562.50	654,562.50
2023	310,000	343,462.50	653,462.50
2024	315,000	337,262.50	652,262.50
2025	325,000	330,962.50	655,962.50
2026	330,000	324,462.50	654,462.50
2027	340,000	317,037.50	657,037.50
2028	345,000	309,387.50	654,387.50
2029	355,000	300,762.50	655,762.50
2030	365,000	290,112.50	655,112.50
2031	375,000	279,162.50	654,162.50
2032	385,000	267,912.50	652,912.50
2033	400,000	256,362.50	656,362.50
2034	410,000	243,862.50	653,862.50
2035	425,000	230,537.50	655,537.50
2036	440,000	216,725.00	656,725.00
2037	450,000	202,425.00	652,425.00
2038	465,000	187,800.00	652,800.00
2039	485,000	172,106.26	657,106.26
2040	500,000	155,737.50	655,737.50
2041	515,000	138,862.50	653,862.50
2042	535,000	121,481.26	656,481.26
2043	550,000	103,425.00	653,425.00
2044	570,000	84,175.00	654,175.00
2045	590,000	64,225.00	654,225.00
2046	610,000	43,575.00	653,575.00
2047	635,000	22,225.00	657,225.00
<b>Total</b>	<b>\$12,215,000</b>	<b>\$6,777,900.02</b>	<b>\$18,992,900.02</b>

Source: Underwriter.

**2013 Refunding Lease.** On February 28, 2013, the District delivered a private placement lease in the original principal amount of \$3,495,000 (the “**2013 Private Placement Lease**”) for the purpose of refinancing outstanding 2005 Certificates of Participation. Debt service on the 2013 Private Placement Lease is due semi-annually through March 1, 2025, payable from the District’s general fund. Remaining debt service is set forth on the following table.

**SANGER UNIFIED SCHOOL DISTRICT  
2013 Refunding Lease Debt Service**

<b>Lease Payment Date</b>	<b>Principal Component</b>	<b>Interest Component</b>	<b>Total Lease Payment</b>
09/01/2019	-	\$28,500.00	\$28,500.00
03/01/2020	\$295,000	28,500.00	323,500.00
09/01/2020	-	24,075.00	24,075.00
03/01/2021	305,000	24,075.00	329,075.00
09/01/2021	-	19,500.00	19,500.00
03/01/2022	310,000	19,500.00	329,500.00
09/01/2022	-	14,850.00	14,850.00
03/01/2023	320,000	14,850.00	334,850.00
09/01/2023	-	10,050.00	10,050.00
03/01/2024	330,000	10,050.00	340,050.00
09/01/2024	-	5,100.00	5,100.00
03/01/2025	340,000	5,100.00	345,100.00
<b>TOTAL</b>	<b>\$1,900,000</b>	<b>\$204,150.00</b>	<b>\$2,104,150.00</b>

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**2014 Capital Lease - Operations Building.** On October 30, 2014, the District delivered a private placement lease in the original principal amount of \$3,725,000 (the “**2014 Private Placement Lease**”) for the purpose of financing the acquisition of an operations building. Debt service on the 2014 Private Placement Lease is due semi-annually through June 1, 2034, payable from the District’s general fund. Remaining debt service is set forth on the following table.

**SANGER UNIFIED SCHOOL DISTRICT  
2014 Capital Lease Debt Service**

<b>Lease Payment Date</b>	<b>Principal Component</b>	<b>Interest Component</b>	<b>Total Lease Payments</b>
06/01/2019	\$145,000	\$61,230.00	\$206,230.00
12/01/2019	--	58,402.50	58,402.50
06/01/2020	150,000	58,402.50	208,402.50
12/01/2020	--	55,477.50	55,477.50
06/01/2021	155,000	55,477.50	210,477.50
12/01/2021	--	52,455.00	52,455.00
06/01/2022	165,000	52,455.00	217,455.00
12/01/2022	--	49,237.50	49,237.50
06/01/2023	170,000	49,237.50	219,237.50
12/01/2023	--	45,922.50	45,922.50
06/01/2024	175,000	45,922.50	220,922.50
12/01/2024	--	42,510.00	42,510.00
06/01/2025	180,000	42,510.00	222,510.00
12/01/2025	--	39,000.00	39,000.00
06/01/2026	190,000	39,000.00	229,000.00
12/01/2026	--	35,295.00	35,295.00
06/01/2027	195,000	35,295.00	230,295.00
12/01/2027	--	31,492.50	31,492.50
06/01/2028	205,000	31,492.50	236,492.50
12/01/2028	--	27,495.00	27,495.00
06/01/2029	215,000	27,495.00	242,495.00
12/01/2029	--	23,302.50	23,302.50
06/01/2030	220,000	23,302.50	243,302.50
12/01/2030	--	19,012.50	19,012.50
06/01/2031	230,000	19,012.50	249,012.50
12/01/2031	--	14,527.50	14,527.50
06/01/2032	240,000	14,527.50	254,527.50
12/01/2032	--	9,847.50	9,847.50
06/01/2033	250,000	9,847.50	259,847.50
12/01/2033	--	4,972.50	4,972.50
06/01/2034	255,000	4,972.50	259,972.50
<b>TOTAL</b>	<b>\$3,140,000</b>	<b>\$1,079,130.00</b>	<b>\$4,219,130.00</b>

**2017 Financing Lease - Technology Infrastructure.** On March 28, 2017, the District entered into a lease purchase agreement to finance the purchase of technology infrastructure. Payments are due through June 30, 2020 from the general fund in annual amounts of \$1,140,957 representing principal and interest at a rate of 2.6%.

**2017 Capital Lease - Bus Financing.** Pursuant to a Master Tax-Exempt Lease/Purchase Agreement dated August 29, 2017 the District entered into a lease financing for the purchase of school buses in the principal amount of \$1,525,000. Pursuant to this agreement, the District agreed to make annual lease payments which include interest on the unpaid principal balance at the annual rate of 2.22%, due on August 29 in each year through 2022. The amount of each annual lease payment is \$325,610.28.



## **Joint Powers Agreement and Joint Ventures**

The District is a member of the California Risk Management Authority (“**CRMA I and CRMA II**”) and, the Self-Insured Schools of California, public entity risk pools (“**SISC III**”). The District pays an annual premium to each entity for its health, workers’ compensation and property liability coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in the District’s audited financial statements; however, fund transactions between the entities and the District are included in the District’s audited financial statements. Audited financial statements for these entities are available from the respective entities.

The District has appointed one member to the governing board of CRMA II. During the year ended June 30, 2018, the District made payment of \$1,298,018 CRMA II for workers’ compensation. The District has appointed one member to the governing board of CRMA I. During the year ended June 30, 2018, the District made payment of \$615,727 to CRMA I for general liability and auto insurance. The District has appointed one member to the governing board of SISC III. During the year ended June 30, 2018, the District made payment of \$16,672,814 to SISC III for health benefits.

## **Investment of District Funds**

In accordance with Government Code Section 53600 *et seq.*, the Fresno County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies, which may impose limitations beyond those required by the Government Code. See APPENDIX G hereto for a copy of the County’s 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.

## STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

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

*The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the 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](http://www.treasurer.ca.gov), under the heading “Bond Finance” and sub-heading “-Public Finance Division”, (1) posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, and (2) also posts various financial documents for the State under the “-Financial Information” link.
- The California Department of Finance’s Internet home page at [www.dof.ca.gov](http://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](http://www.lao.ca.gov) under the headings “The Budget” and “State Budget Condition.”

***Prior Years’ Budgeting Techniques.*** Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools until a later date in the fiscal year or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2018-19 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 2, 2012 statewide election and Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

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

## **2018-19 State Budget**

On June 27, 2018, the Governor signed the fiscal year 2018-19 State budget (the “**2018-19 State Budget**”) into law. The 2018-19 State Budget calls for total spending of \$199.7 billion, with \$138.6 billion in general fund spending. The 2018-19 State Budget provides for \$78.4 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of \$3.7 billion from the 2017-18 State budget. Of that \$78.4 billion, approximately \$61 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2018-19, two years earlier than originally scheduled, restoring every school district in the State to at least pre-recession funding levels, and

including a 2.71% cost of living adjustment and an additional \$570 million above the cost of living adjustment as an ongoing increase to the formula.

The 2018-19 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to \$13.8 billion by the end of the budget year, its constitutional maximum. Additionally, the 2018-19 State Budget adds two additional reserves to State law, the Budget Deficit Safety Account and the Safety Net Reserve Fund. Other significant features of the 2018-19 State Budget include:

- \$640 million in Proposition 51 State bond authority for school facilities;
- an increase to \$11,640 in State-funded per pupil funding under LCFF, or \$16,352 per pupil from all State, federal and local sources combined;
- one-time funding for K-12 school districts to finance various programs, including \$300 million for the lowest-performing student subgroups and \$100 million to address the shortage of special education teachers;
- \$57.8 million for county offices of education to support school districts needing additional assistance, as determined based on multiple performance indicators, \$4 million of which will go to geographical regional leads to build system-wide capacity to support school district improvement;
- \$32.8 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, \$21.8 for Northern California jurisdictions and \$11 million for Southern California jurisdictions;
- a hold harmless provision allowing local education agencies to recoup revenue that has been lost due to declines in average daily attendance that are directly associated with these disasters;
- \$1.24 billion 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 of emergency aid to support local governments in addressing homelessness, to be used for emergency shelters, bridge housing, motel vouchers, and supportive housing.

## 2019-20 Proposed State Budget

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

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

***LAO Overview of 2019-20 Proposed State Budget.*** The Legislative Analyst’s Office (“**LAO**”), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the 2019-20 Proposed State Budget entitled “The 2019-20 Budget: Overview of the Governor’s Budget” on January 14, 2019 (the “**2019-20 Proposed Budget Overview**”). In the 2019-20 Proposed Budget Overview, the LAO summarizes the condition of the 2019-20 Proposed State Budget in light of uncertainties such as market volatility, rising costs and risk of recession. The LAO also highlights key features of the 2019-20 Proposed State Budget, which include prioritizing debt repayments and one-time programmatic spending and the early introduction of new policy goals.

The LAO notes that the 2019-20 Proposed State Budget is in a positive position, based in large part on the availability of significant discretionary resources in the amount of \$20.6 billion. The LAO explains that this is due to the administration’s higher revenue assumptions and lower-than-expected spending in health and human services programs. The LAO anticipates that capital gains revenues will likely be lower than the 2019-20 Proposed State Budget assumes due to the recent volatility of the financial market, including the sharp decline in stock prices at the end of 2018. However, the LAO suggests that any losses in capital gains revenues would likely be offset by lower constitutionally required spending and reserve deposits. As a result, the LAO explains that under current conditions, the net effect on discretionary resources would be less than the full revenue decline. Although the LAO maintains a positive outlook on the 2019-20 Proposed State Budget, the LAO recognizes that the current financial market and economic conditions can change significantly and affect revenues in the May Revision of the 2019-20 Proposed State Budget. The 2019-20 Proposed Budget Overview is available on the LAO website at [www.lao.ca.gov](http://www.lao.ca.gov). The District can take no responsibility for the continued accuracy of this internet

address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

**May Revision to 2019-20 Proposed State Budget.** On May 9, 2019, the Governor released the May Revision to the 2019-20 Proposed Budget (the “**May Revision**”). The May Revision projects short-term revenues of \$3.2 billion above the 2019-20 Proposed Budget, most of which are constitutionally committed funds, so the budget surplus remains relatively the same as the surplus projected in the 2019-20 Proposed Budget. The May Revision forecasts slower growth in the economy, noting that even a moderate economic decline could result in revenue declines of nearly \$70 billion and a budget deficit of \$40 billion over three years. The May Revision allocates \$15 billion to building budgetary resiliency and paying down unfunded liabilities, which is \$1.4 billion higher than the amount originally proposed in the 2019-20 Proposed Budget. This includes \$4.5 billion to eliminate debts and reverse deferrals, \$5.7 billion to build reserves, and \$4.8 billion to pay down unfunded retirement liabilities.

With respect to funding for education, \$75.6 billion of funding is provided for K-14 education under Proposition 98, representing an increase of \$389.3 million from the 2019-20 Proposed Budget, due in part to a slightly slower decline in ADA than originally projected. The May Revision includes total funding of \$101.8 billion for all K-12 education programs. In addition, the May Revision adds \$150 million in one-time non-Proposition 98 funds in order to reduce the STRS employer contribution rate to 16.7% in 2019-20. Finally, the May Revision proposes an increase of \$142.1 million in 2019-20 for school districts, special education local plan areas and county offices of education as a result of lower offsetting property tax revenues, and approximately \$2.7 million in one-time wildfire-related cost adjustments for property tax backfill for basic aid school districts impacted by recent wildfires, and to student nutrition programs resulting from wildfire-related losses.

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

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

**Availability of State Budgets.** The complete 2018-19 State Budget, 2019-20 Proposed Budget and the May Revision are available from the California Department of Finance website at [www.ebudget.ca.gov](http://www.ebudget.ca.gov). Impartial analyses of these documents are published by the Legislative Analyst Office, and can be accessed at [www.lao.ca.gov/budget](http://www.lao.ca.gov/budget). The District can take no responsibility for the continued accuracy of internet addresses referenced herein or for the accuracy, completeness or timeliness of information posted on these sites, and such information

is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Bonds.

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

**Legal Challenges to State Funding of Education**

The application of Proposition 98 (as discussed below) 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.

*[Remainder of page intentionally left blank]*

## **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 XIII A, XIII B, XIII C, and XIII D of the State Constitution, Propositions 62, 98, 111, 39 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 XIII A 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 XIII A of the California Constitution**

**Basic Property Tax Levy.** On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIII A to the State Constitution ("**Article XIII A**"). Article XIII A 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 XIII A approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIII A 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. All of the District's outstanding general obligation bonds were authorized pursuant to clause (iii) above. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership 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 XIII A 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.

**Legislation Implementing Article XIII A.** Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness).



The 1% property tax is automatically levied by 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 XIII A, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

#### **Article XIII B of the California Constitution**

Article XIII B ("**Article XIII B**") 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 XIII B, as amended.

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

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

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two 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 XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

### **Unitary Property**

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

### **Articles XIII C and XIII D**

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 XIII C and XIII D (respectively, "**Article XIII C**" and "**Article XIII D**"), 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 XIII C 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 XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIII C 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 XIID. 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 XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID 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 XIIB

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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% 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 this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

### **Proposition 30 and Proposition 55**

Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “**Proposition 30**”), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes 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 imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This

excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$500,000 but less than \$600,000 for joint filers and over, \$340,000 but less than \$408,000 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$600,000 but less than \$1,000,000 for joint filers and over \$408,000 but less than \$680,000 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

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

The California Children’s Education and Health Care Protection Act of 2016, also known as Proposition 55, was a constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. 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 tax increases of Proposition 30.

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

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

### **California Senate Bill 222**

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

### **Future Initiatives**

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

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## APPENDIX C

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

*The following information concerning the County of Fresno (the “County”) and the City of Sanger (the “City”) is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt (or a pledge of the full faith and credit) of the City, the County, the State or any of its political subdivisions, other than the District, and neither the City, the State nor any of its political subdivisions, other than the District, is liable therefor.*

#### General

**The City.** The City was founded in 1886 when the Southern Pacific Company referred to the area as Sanger Junction concerning plans to improve access to the fertile land. Later the area was known as Sanger. In 1888, the Pacific Improvement Company owned and sold lots within the City and the first post office opened. The City is located in central Fresno County approximately 15 miles southeast of the City of Fresno. It has a total area of 5.5 square miles. The City is served by Interstate 180 and Highway 99. The City was incorporated on May 9, 1911. The City Council consists of five elected members. The position of Mayor is elected at large. The appointment of the Mayor Pro Tem changes every other year in December and is decided by a vote of the five Council members.

**The County.** The County is California’s fifth-largest county, covering approximately 6,000 square miles. It is located in the geographic center of the State and is the nation’s leading crop-producing county.

#### Population

The most recent estimate of the County’s population at January 1, 2019 was 1,018,241 according to the State Department of Finance. The City has an estimated 2018 population of 27,094. The table below shows population estimates for the City, the County and the State for the last five years.

#### CITY OF SANGER, COUNTY OF FRESNO AND STATE OF CALIFORNIA Population Estimates Calendar Years 2015 through 2019, as of January 1

Year (January 1)	City of Sanger	County of Fresno	State of California
2015	25,286	975,043	38,912,464
2016	25,878	984,537	39,179,627
2017	26,249	995,223	39,500,973
2018	26,489	1,007,252	39,740,508
2019	27,094	1,018,241	39,927,315

*Source: State Department of Finance, Demographic Research.*

**Employment and Industry**

The District is located in the Fresno Metropolitan Statistical Area (“**MSA**”), which includes the entire County. The unemployment rate in the County was 9.4% in March 2019, up from a revised 8.9% in February 2019, and above the year-ago estimate of 9.1%. This compares with an unadjusted unemployment rate of 4.6% for California and 3.9% for the nation during the same period.

The following tables show civilian labor force and wage and salary employment data for the County, for the years 2014 through 2018.

**COUNTY OF FRESNO  
Fresno MSA  
Civilian Labor Force<sup>(1)</sup>, Employment and Unemployment, Unemployment by Industry  
(Annual Averages)  
(March 2018 benchmark)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Civilian Labor Force	439,300	441,400	446,100	449,900	448,400
Civilian Employment	388,400	396,400	403,700	411,700	414,900
Civilian Unemployment	50,900	45,000	42,400	38,200	33,400
Civilian Unemployment Rate	11.6%	10.2%	9.5%	8.5%	7.5%
<u>Wage and Salary Employment:</u> <sup>(2)</sup>					
Agriculture	48,800	47,300	46,900	46,100	44,000
Mining and Logging	300	300	300	300	300
Construction	13,900	15,000	16,000	17,400	18,700
Manufacturing	24,000	25,400	25,200	25,600	26,000
Wholesale Trade	13,500	13,500	14,000	14,100	14,300
Retail Trade	36,500	37,600	38,800	38,900	39,200
Information	3,900	3,900	3,800	3,600	3,600
Financial and Insurance	8,400	8,500	8,700	9,000	9,200
Professional and Business Services	31,000	31,500	31,900	30,600	31,900
Educational and Health Services	57,000	60,400	64,300	67,700	70,100
Leisure and Hospitality	30,600	31,400	32,800	33,800	34,200
Other Services	11,200	11,500	11,700	11,800	12,000
Federal Government	9,800	9,600	9,800	9,800	10,000
State Government	11,400	11,900	12,100	12,400	12,600
Local Government	45,100	47,200	49,000	50,400	52,000
Total All Industries <sup>(3)</sup>	361,500	371,800	382,800	389,200	397,400

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

## Major Employers

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

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

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

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

**Effective Buying Income**

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

The following table summarizes the median household effective buying income for the City, the County, the State of California, and the United States for the years 2015 through 2019.

**CITY OF SANGER, COUNTY OF FRESNO, THE STATE OF CALIFORNIA  
AND THE UNITED STATES  
Median Household Effective Buying Income  
as of January 1, 2015 Through 2019**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
City of Sanger	\$34,720	\$38,348	\$38,585	\$44,633	\$45,692
County of Fresno	38,000	40,819	41,237	44,641	46,028
California	50,072	53,589	55,681	59,646	62,637
United States	45,448	46,738	48,043	50,735	52,841

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

**Commercial Activity**

Total taxable transactions in the City during the first quarter of calendar year 2018 were estimated to be \$49,259,532, a 5.14% increase over the total taxable transactions of \$46,851,289 that were estimated during the first quarter of calendar year 2017. A summary of historic taxable sales within the City is shown in the following table. Taxable sales figures are not yet available for calendar year 2018.

**CITY OF SANGER  
Taxable Transactions – 2013 through 2017  
(dollars in thousands)**

	<b>Retail Stores</b>		<b>Total All Outlets</b>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2013	229	\$136,067	338	\$168,276
2014	253	138,386	356	169,156
2015 <sup>(1)</sup>	264	144,940	397	190,206
2016	284	148,229	417	186,795
2017	283	159,713	407	204,598

(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.

Total taxable sales reported during the first quarter of calendar year 2018 in the County were reported to be \$3,552,773,101, a 5.59% increase over the total taxable sales of \$3,364,822,076 reported during first quarter of calendar year 2017. A summary of historic taxable sales within the County is shown in the following table. Taxable sales figures are not yet available for calendar year 2018.

**COUNTY OF FRESNO  
Taxable Transactions – 2013 through 2017  
(dollars in thousands)**

	<b>Retail Stores</b>		<b>Total All Outlets</b>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2013	12,047	\$8,597,480	18,112	\$12,618,111
2014	12,268	8,998,182	18,304	13,328,511
2015 <sup>(1)</sup>	7,298	9,247,616	20,242	14,080,800
2016	13,128	9,567,618	20,530	14,073,246
2017	13,166	9,943,017	20,655	14,631,309

(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**

Construction activity for the past five years in the City is shown in the following table. Annual figures for 2018 are not yet available.

<b>CITY OF SANGER</b>					
<b>Total Building Permit Valuations</b>					
<b>(Valuations in Thousands)</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<i>Permit Valuation</i>					
New Single-family	\$3,845.9	\$8,977.8	\$8,992.9	\$15,073.3	\$14,722.0
New Multi-family	0.0	7,115.1	160.0	190.0	10,182.6
Res. Alterations/Additions	<u>128.3</u>	<u>456.2</u>	<u>405.3</u>	<u>1,322.7</u>	<u>317.3</u>
Total Residential	3,974.2	16,549.1	9,558.2	16,586.0	25,221.9
New Commercial	954.4	2,560.0	21.0	5,858.5	2,125.8
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	1,793.8	133.3	526.5	1,391.7	2,299.0
Com. Alterations/Additions	<u>3,335.8</u>	<u>126.0</u>	<u>1,033.0</u>	<u>837.0</u>	<u>456.3</u>
Total Nonresidential	6,083.9	2,819.3	1,580.5	8,087.2	4,881.1
<b><u>New Dwelling Units</u></b>					
Single Family	22	46	60	62	57
Multiple Family	<u>0</u>	<u>0</u>	<u>2</u>	<u>3</u>	<u>51</u>
TOTAL	22	46	62	65	108

Source: Construction Industry Research Board, Building Permit Summary

Construction activity for the past five years in the County is shown in the following table. Annual figures for 2018 are not yet available.

<b>COUNTY OF FRESNO</b>					
<b>Total Building Permit Valuations</b>					
<b>(Valuations in Thousands)</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<i>Permit Valuation</i>					
New Single-family	\$622,066.8	\$388,564.8	\$580,986.1	\$689,016.6	\$512,951.0
New Multi-family	66,027.4	43,654.0	34,183.5	52,363.2	131,175.3
Res. Alterations/Additions	<u>30,063.8</u>	<u>35,354.2</u>	<u>31,800.5</u>	<u>30,648.8</u>	<u>29,478.7</u>
Total Residential	718,158.0	467,573.0	646,970.1	772,028.6	673,605.0
New Commercial	129,117.6	98,770.4	210,280.3	184,408.2	201,676.5
New Industrial	20,967.0	21,368.5	8,359.4	14,895.8	14,087.9
New Other	49,089.1	49,382.5	121,042.6	147,642.2	68,383.0
Com. Alterations/Additions	<u>77,977.8</u>	<u>70,566.8</u>	<u>88,609.5</u>	<u>80,745.4</u>	<u>69,202.2</u>
Total Nonresidential	277,151.5	240,088.2	428,291.8	427,691.6	353,349.6
<b><u>New Dwelling Units</u></b>					
Single Family	2,310	1,140	2,153	2,559	1,886
Multiple Family	<u>773</u>	<u>539</u>	<u>343</u>	<u>339</u>	<u>1,135</u>
TOTAL	3,083	1,949	2,496	2,898	3,021

Source: Construction Industry Research Board, Building Permit Summary

## **Transportation**

Orange Cove transit is provided through the Fresno-Clovis Metropolitan Area, Parlier, Reedley, and Orange Cove, Monday through Friday. There are two Amtrak train stations within 30 miles of the Sanger city center. The nearest airport within 13 miles is Fresno Yosemite International Airport. Another local airport is Fresno Chandler Executive Airport, which is 20 miles away. The City is served by state routes 180 and 99.

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## APPENDIX D

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

June 6, 2019

Board of Trustees  
Sanger Unified School District  
1905 Seventh Street  
Sanger, California 93657

**OPINION:** \$20,000,000 Sanger Unified School District  
(Fresno County, California)  
General Obligation Bonds, Election of 2018, Series A

Members of the Board of Trustees:

We have acted as bond counsel to the Sanger Unified School District (the "District") in connection with the issuance by the District of \$20,000,000 principal amount of Sanger Unified School District (Fresno County, California) General Obligation Bonds, Election of 2018, Series A, dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution adopted by the Board of Trustees of the District (the "Board") on January 22, 2019 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

1. The District is duly established and validly existing as a unified school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution.
2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.
3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Fresno is obligated to levy *ad valorem* taxes

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

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. 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.

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

**\$20,000,000**  
**SANGER UNIFIED SCHOOL DISTRICT**  
**(Fresno County, California)**  
**General Obligation Bonds**  
**Election of 2018, Series A**

#### CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the Sanger Unified School District (the “**District**”) in connection with the issuance and delivery of the captioned bonds (the “**Bonds**”). The captioned Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on January 22, 2019 (the “**Resolution**”). U.S. Bank 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 this Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District (currently March 31).

“*Dissemination Agent*” means, initially, Keygent LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

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

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

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

“*Paying Agent*” means U.S. Bank National Association, Los Angeles, California, or any successor thereto.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

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

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

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

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

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

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

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the

Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information with respect to the most recently completed fiscal year, or if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed, as follows:

- (i) total assessed valuation of taxable properties in the District;
- (ii) total secured assessed valuation of taxable properties of the top twenty taxpayers in the District;
- (iii) property tax collection delinquencies for the District, but only if *ad valorem* taxes for general obligation bonds are not collected on the County's Teeter Plan and such information is available from the County at the time of filing the Annual Report; and
- (iv) the District's most recently adopted budget available at the time of filing the Annual Report.

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

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

**Section 5. 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, 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 obligated person, any of which reflect financial difficulties.

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

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

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental

authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

**Section 7. Termination of Reporting Obligation.** The District’s obligations under this Disclosure Certificate shall terminate upon the 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 Keygent LLC. 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: June 6, 2019

**SANGER UNIFIED SCHOOL DISTRICT**

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

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Sanger Unified School District (the "District")  
Name of Bond Issue: Sanger Unified School District  
General Obligation Bonds, Election of 2018, Series A  
Date of Issuance: June 6, 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 June 6, 2019. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

**DISSEMINATION AGENT:**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

cc: Paying Agent and Participating Underwriter

## APPENDIX F

### DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

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

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (in this Appendix, the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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

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

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

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

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**APPENDIX G**

**FRESNO COUNTY INVESTMENT POOL  
INVESTMENT POLICY AND INVESTMENT REPORT**

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

**County of Fresno Treasury Investment Pool**

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# **INVESTMENT POLICY**

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**Established: 1984**

**Current Revision: December 4, 2018**

**(559) 600-3496  
Room 105  
Hall of Records  
2281 Tulare Street  
Fresno, California 93721**

COUNTY OF FRESNO  
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR  
TREASURY INVESTMENT POOL

**INVESTMENT POLICY**

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COUNTY OF FRESNO  
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR  
TREASURY INVESTMENT POOL

**INVESTMENT POLICY**

**1.0 Purpose**

The Auditor-Controller/Treasurer-Tax Collector's policy is to invest public funds in a manner that will provide a market average rate of return consistent with the objectives included in this Investment Policy while meeting the daily cash flow demands of the County Treasury, and conform to all applicable state laws governing the investment of public funds.

Investments differing from this policy shall be made only in circumstances where market timing or economic trends indicate such investments are beneficial. Such investments must comply with all applicable laws and may only be made with written approval by the Auditor-Controller/Treasurer-Tax Collector.

**2.0 Scope**

This Investment Policy applies to all financial assets deposited and retained in the County of Fresno Treasury Investment Pool.

**3.0 Objective**

The primary objectives, in priority order, of the County of Fresno's investment activities shall be the following:

3.1 Legality. Investments shall only be made in securities legally permissible by the California Government Code(GC), Sections 53635, 53635.2 et. al. In recognition of a rapidly changing and expanding marketplace, new concepts or securities shall be reviewed for compliance and possible consideration. Legality issues shall be resolved with County Counsel.

3.2 Safety. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. Investments should be made in securities of high quality to avoid credit risk and loss of principal.

3.3 Liquidity. The investment portfolio should remain sufficiently liquid to enable the Treasury Investment Pool to meet all operating requirements which might be reasonably anticipated or respond to opportunities for investments arising from changing market conditions.

3.4 Return on Investment. The investment portfolio shall be designed with the objective of attaining the highest interest revenue, taking into consideration the objectives of this Investment Policy and the cash flow characteristics of the portfolio.

3.5 Local Community Reinvestment. When it is in the best interest of the investment portfolio, and within the confines of other objectives enumerated in this Investment Policy, the Auditor-Controller/Treasurer-Tax Collector may give preference to local investment opportunities.

#### 4.0 **Delegation of Authority**

The authority of the Board of Supervisors to delegate management responsibility for the County of Fresno Treasury Investment Pool is derived from GC 53607. Investment authority, in accordance with this provision, has been delegated to the Auditor-Controller/Treasurer-Tax Collector. The original delegation is in the Ordinance Code of the County of Fresno, Section 2.20.080 and is subject to annual renewal by the Board of Supervisors. The Auditor-Controller/Treasurer-Tax Collector shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions (GC 53607).

No person may engage in an investment transaction for the Treasury Investment Pool except as provided under the terms of this policy and the procedures established by the Auditor-Controller/Treasurer-Tax Collector. The Auditor-Controller/Treasurer-Tax Collector shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff.

The County of Fresno Treasury Oversight Committee shall annually review and monitor the Investment Policy. The County of Fresno Treasury Oversight Committee shall also cause an annual audit to determine the Auditor-Controller/ Treasurer-Tax Collector's compliance with the Investment Policy. The cost of the audit shall be considered an administrative cost of investing. Audit Reports are available to participants of the Treasury Investment Pool upon request (GC 27133, 27134 and 27135).

5.0 **Ethics and Conflict of Interest**

The Auditor-Controller/Treasurer-Tax Collector, the County of Fresno Treasury Oversight Committee and staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers or other persons with whom the County Treasury conducts business by any member of the County of Fresno Treasury Oversight Committee shall require the completion of an annual Statement of Economic Interests by each member to be filed with the member's respective agency. This policy sets a \$470 per current filing limit on the amount of honoraria, gifts and gratuities that a committee member may receive from a single source in a calendar year.

6.0 **Prudence**

Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, and not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

6.1 The standard of prudence to be used by investment officials shall be the “prudent investor” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk of market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

7.0 **Borrowing for Purposes of Making Investments**

The Fresno County Auditor-Controller/Treasurer-Tax Collector is prohibited from the practice of borrowing for the sole purpose of making investments.

8.0 **Authorized Investments and Limits**

The following securities are authorized investments for the County of Fresno Treasury Investment Pool. Securities shall be valued at amortized cost when determining their percentage to the money in the County of Fresno Treasury Investment Pool. Additions or deviations from this list, in addition to being permissible under the Government Code, require approval by the Auditor-

Controller/ Treasurer-Tax Collector. Investments not expressly authorized by law are prohibited.

The Auditor-Controller/Treasurer-Tax Collector interprets the authorized investment limits to be based upon the portfolio allocation at the time a security is purchased. The portfolio allocation may temporarily fall outside of these limits due to maturities and fluctuations in the size of the pool after the purchase of a security. Additionally, the applicable credit ratings are interpreted to be based upon the rating at the time the security is purchased.

8.1 United States Treasury Bills, Notes, Certificates of Indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

8.2 Obligations issued by Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Mortgage Company, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in obligations, participations, or other instruments of or issued by a federal agency or a United States Government-sponsored enterprise

8.3 Bills of Exchange or Time Drafts drawn on and accepted by a commercial bank, otherwise known as Bankers Acceptances, both domestic and foreign, which are eligible for purchase by the Federal Reserve System. Any investment in Bankers Acceptances shall be restricted to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt rating is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical-rating service.

Purchases of Bankers Acceptances may not exceed 180 days maturity or 40 percent of the money in the Treasury Investment Pool.

8.4 Commercial Paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc., or Standard and Poor's (P-1; A-1). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and having an "A" or higher rating for the issuer's other outstanding debentures by Standard and Poor's, or its equivalent or better ranking by a nationally recognized statistical-rating service and a maximum maturity limit of 270 days.

Additionally GC 53635 limits the assets held by the Treasury Investment Pool in any single issuer to 10 percent and the total Commercial Paper investments may not exceed 40 percent of the total assets in the Treasury Investment Pool.

8.5 Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, savings association, federal association, or state-licensed branch of a foreign bank. Any investment is to be restricted to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt rating is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher rating as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments.

Investments in Negotiable Certificates of Deposit (in combination with section 8.6.1) may not exceed 30 percent of the money in the Treasury Investment Pool. No more than 5 percent of the money shall be invested in any one institution.

8.6 Non-negotiable Time Certificates of Deposit issued by a nationally or state-chartered bank, savings association or federal association (GC 53601 (n)). Unless fully covered by FDIC insurance, including the interest earned, these investments require full collateralization with government securities totaling 110 percent or mortgages totaling 150 percent of the principal amount (GC 53652). Any investment is to be restricted to those institutions whose short term rating is of prime quality of the highest ranking as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments. Any investment will require the approval and execution of a Contract for Deposit by the Auditor-Controller/Treasurer-Tax Collector.

Investments in Non-negotiable Time Certificates of Deposit may not exceed 50 percent of the money in the Treasury Investment Pool. No more than 15 percent of the money shall be invested in any one institution.

8.6.1 Investments in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit. Investments will be made in compliance with GC 53635.8. Investments shall be initially placed with a nationally or state-chartered commercial bank, savings bank, savings and loan association or a credit union in this state, which shall be known as the selected depository institution. Any investment will require the approval and execution of a Deposit Placement Agreement by the Auditor-



Controller/Treasurer-Tax Collector. Combined purchases under sections 8.5 and 8.6.1 shall not exceed 30 percent of the portfolio. Additionally, purchases under 8.6.1 shall not exceed 15 percent of the portfolio.

8.7 Investments in Repurchase Agreements representing United States Treasury Securities, United States Agency discount and coupon securities, domestic and foreign Banker's Acceptances, commercial paper, and domestic bank/savings associations or federal associations Negotiable Certificates of Deposit.

Investments shall be made only after the execution of a Repurchase and Custody Agreement (Tri-Party Agreement) between the County or the investment manager (if under contract), the dealer and the Custodian. Investments will consist of overnight Repurchase Agreements, which include weekend placements and maturities; however, securities with longer maturities may be used as collateral for these Agreements. (GC 53635.2)

Excluding circumstances of market-timing and known cash demands, investments in Repurchase Agreements shall be limited to not more than 15 percent of the money in the Treasury Investment Pool. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against these securities. Any exceptions to the maturity or investment amount provisions will require written approval by the Auditor-Controller/Treasurer-Tax Collector.

8.8 Medium-term Notes with a maximum remaining maturity of five years or less issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or higher, by Standard and Poor's Corporation, or its equivalent or better by a nationally recognized rating service

Investments in Medium-term Notes may not exceed 30 percent of the money in the Treasury Investment Pool.

8.9 Investment of funds in the Local Agency Investment Fund (LAIF) created by law, which the State Treasurer invests through the Pooled Money Investment Account. Money invested in LAIF is available for overnight liquidity; however, it is also subject to a limited number of transactions per month. Money shall be placed in LAIF as alternative liquid investments under the guidelines of this policy pertaining to yield. The County may invest up to the maximum amount permitted by LAIF, not to exceed 10 percent of the portfolio. The Auditor-Controller/ Treasurer-Tax Collector may invest any portion of debt proceeds in the LAIF.

8.10 Shares of beneficial interest issued by diversified management companies, otherwise known as Mutual Funds, investing in the securities and obligations as authorized by the GC 53601 et. seq.

To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the Securities and Exchange Commission with at least five years of experience investing in the securities authorized by the GC sections noted above and with assets under management in excess of \$500,000,000.

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500,000,000 (GC 53601).

Investment in Mutual Funds shall not include the payment of any commission that these companies may charge and may not exceed 20 percent of the surplus funds in the Treasury Investment Pool. Only 10 percent of the surplus funds may be invested in any one mutual fund (GC 53601, 53635.2).

8.11 Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond of a maximum of five years maturity. Securities eligible for investment shall be rated "AA" or its equivalent or better by a nationally recognized rating service.

Investments in these securities may not exceed 10 percent of the funds in the Treasury Investment Pool.

8.12 Bond proceeds may be invested in accordance with the Government Code provisions, or they may be invested in alternative vehicles if authorized by bond documents (GC 53635.2 and California Debt and Investment Advisory Commission (CDIAC) Local Agency Investment Guidelines).

8.13 External Investment Managers. The Auditor-Controller/Treasurer-Tax Collector may contract with external investment managers to provide investment management services. These managers may be hired to invest funds not needed for liquidity and to increase the rate of return of the pool by employing an active investment strategy. The external investment manager is

allowed to make specific investment decisions within the framework of this investment policy.

External investment managers are required to provide timely transaction documentation and investment reports to ensure that the manager's actions comply with the requirements of the law and this investment policy. External investment managers shall remit, at least quarterly, the interest earnings to the Pool to allow these earnings to be apportioned to the pool participants.

Selection of External Investment Managers is subject to section 13.0 of this investment policy. Additionally, after selection, the manager's performance shall be reviewed against the agreed upon benchmark.

8.14 Registered state warrants or treasury notes or bonds of the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

Investments in these securities may not exceed 10 percent of the surplus funds in the Treasury Investment Pool.

#### **9.0 Selection of Investments**

Investments, with the exception of California registered state warrants in section 8.14, above, shall only be made following a minimum of three competitive comparisons with offerings documented and retained for each type of investment.

#### **10.0 Diversification**

The Treasury Investment Pool shall be diversified by security type and institution.

#### **11.0 Maximum Maturities**

To the extent possible, investments shall be made to match anticipated cash requirements. Unless matched to a specific cash flow, normal investments will be in securities such that the average weighted maturity of the Treasury Investment Pool shall not exceed 3.5 years. Proceeds of sales or funds set aside for the repayment of any notes issued for temporary borrowing purposes shall not be invested for a term that exceeds the term of the notes.

## 12.0 **Selling Securities Prior to Maturity**

Securities purchased shall normally be held until maturity. Occasionally, opportunities will exist to sell securities prior to maturity and purchase other securities (swap/trade). Securities that are no longer in compliance with this Investment Policy may be sold prior to maturity. Securities may also be sold in order to maintain the liquidity of the Treasury Investment Pool.

## 13.0 **Authorized Financial Dealers and Institutions**

The Auditor-Controller/Treasurer-Tax Collector shall maintain a list of financial institutions authorized to provide investment services. In addition, a list shall also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15c3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following: audited financial statements, proof of Financial Industry Regulatory Authority membership, trading resolution, proof of state registration, completed broker-dealer questionnaire, certification of having read the County's Investment Policy, and if applicable, depository contracts. Broker-dealers are evaluated and selected based upon criteria that include: organization experience and credibility, individual broker-dealer qualifications, compliance, product inventory, and economic research.

An annual review of the financial conditions and registrations of selected brokers shall be conducted by the Auditor-Controller/Treasurer-Tax Collector. A current audited financial statement is required to be on file for each authorized financial institution and broker-dealer.

Investment managers are evaluated and selected based upon criteria that include: organization experience and credibility, staff experience, compliance, and performance.

The selection of any broker, brokerage firm, dealer or securities firm that has, within any consecutive 48 month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Auditor-Controller/ Treasurer-Tax Collector or member of the Board of Supervisors or any candidate for those offices is prohibited. The County will, to the best of its ability, monitor and comply with this requirement.

14.0           **Confirmation**

Receipts for confirmation of purchase of authorized securities should include the following information: trade date, par value, maturity, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, and third party custodian information. Confirmation of all investment transactions should be received by the Auditor-Controller/Treasurer-Tax Collector within five business days of the transaction.

15.0           **Safekeeping and Custody**

Investments, excluding Non-negotiable Time Certificates of Deposit, Repurchase Agreements and investments that are under the management of contracted parties, shall be held in custody with the Service Bank or its correspondent or other institutions approved by the Auditor-Controller/Treasurer-Tax Collector. Investments in Repurchase Agreements shall be held in custody by the Custodian to the Tri-Party Agreement.

16.0           **Performance Standards**

The investment portfolio shall be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account investment risk constraints and cash flow needs.

16.1 Market yield benchmark. The investment strategy is passive. Given this strategy, the basis used by the Auditor-Controller/Treasurer-Tax Collector to determine whether market yields are being achieved shall be the one-year U.S. Treasury note rate.

17.0           **Administrative Cost of Investing**

The Auditor-Controller/Treasurer-Tax Collector may deduct actual administrative costs associated with investing, depositing, banking, auditing, reporting, or otherwise handling or managing of funds. The administrative costs shall be segregated and deducted from the interest earnings of the Treasury Pool each quarter prior to the distribution of interest earnings.

18.0           **Credit of Interest Earnings**

Interest shall be credited based on the average daily cash balance of money on deposit in the County Treasury for the calendar quarter and shall be paid quarterly.

19.0

### **Local Agency Deposit of Excess Funds**

The County Auditor-Controller/Treasurer-Tax Collector is authorized to accept deposits of excess funds from local agencies within Fresno County pursuant to Resolution 98-354 and in accordance with Government Code section 53684. Such deposits will be accepted, if at all, subject to the terms and conditions of a written agreement between the depositing agency and the Auditor-Controller/Treasurer-Tax Collector. In deciding whether to accept such deposits, the Auditor-Controller/ Treasurer-Tax Collector considers factors that may include, but are not limited to, the objectives of this policy, the potential effect of such deposits on the volatility of the investment portfolio, the human resources available to conduct investment activities, and the best interests of current depositors.

20.0

### **Withdrawal of Funds from the Treasury Pool**

The withdrawal of funds by any depositor/participant in the County of Fresno Treasury Investment Pool shall not adversely affect the interests of the other depositors/participants in the County of Fresno Treasury Investment Pool. All withdrawals that are not considered as funds being utilized for operations shall be presented to the Auditor-Controller/Treasurer-Tax Collector for review and approval. The Auditor-Controller/ Treasurer-Tax Collector shall perform an assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the Treasury Investment Pool as is required by GC 27136 and 27133. Prior to the approving a withdrawal, the Auditor-Controller/ Treasurer-Tax Collector shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the Treasury Investment Pool. All requests for withdrawals shall be considered in order of receipt and shall in no way affect the ability of the Auditor-Controller/Treasurer-Tax Collector to meet the pool's expenditure requirements.

If the assessment of the effect of the proposed withdrawal does not negatively impact the stability and predictability of the investments and the interests of other depositors, the Auditor-Controller/Treasurer-Tax Collector may authorize a total or partial withdrawal of funds from the Treasury Pool. A total withdrawal of funds from the County of Fresno Treasury Investment Pool by a participant requires a 30 day written notice to the Auditor-Controller/Treasurer-Tax Collector. Withdrawals involving less than the participant's total funds (other than for operational needs) are subject to all of the following constraints:

- each withdrawal shall be limited to a maximum of \$5,000,000

- no more than two withdrawals of a non-operational purpose are allowed per 30 day period
- at least ten days must lapse before the second withdrawal in any 30 day period will be considered by the Auditor-Controller/Treasurer-Tax Collector
- each withdrawal shall be submitted to the Auditor-Controller/Treasurer-Tax Collector at least 2 business days prior to the date of withdrawal

The Auditor-Controller/Treasurer-Tax Collector shall be notified of normal operating expenditures or disbursements in excess of \$1,000,000 as early as possible, preferably three business days in advance of disbursement, in order to adjust the cash position to meet disbursement requirements.

## 21.0 **Reporting**

The Auditor-Controller/Treasurer-Tax Collector shall provide the Board of Supervisors with a monthly inventory report and a monthly transaction report of the Treasury Investment Pool. The Auditor-Controller/ Treasurer-Tax Collector shall provide a quarterly investment report to the Board of Supervisors, the County Administrative Officer and the County of Fresno Treasury Oversight Committee. The quarterly report shall be submitted within 30 days following the end of the quarter covered by the report. Monthly inventory reports and quarterly investment reports are available to participants of the pool upon request (GC 53646).

## 22.0 **Internal Control**

As part of the County of Fresno's annual independent audit, the investment program shall be reviewed for appropriate internal controls that provide assurance of compliance with policies and procedures.

## 23.0 **Investment Policy Review**

This Investment Policy shall be reviewed on an annual basis by the Auditor-Controller/Treasurer-Tax Collector and rendered annually to the Board of Supervisors and the County of Fresno Treasury Oversight Committee, which consists of the following members:

- The County Auditor-Controller/Treasurer-Tax Collector
- A representative appointed by the County Board of Supervisors
- The County Superintendent of Schools or designee
- A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County

- A representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the County that are required or authorized to deposit funds in the County treasury

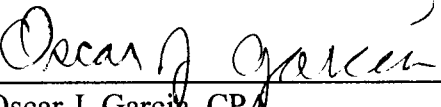
The Board of Supervisors shall accept and approve the investment policy and any changes thereto at a public meeting (GC 27133, 53646).

24.0 **Disaster/Business Continuity Plan**

The County of Fresno Treasurer's banking and investment functions are critical to the function of Treasury Investment Pool and therefore must have a continuity plan to guide operations in the event of a disaster or business interruption.

The objective of the Disaster/Business Continuity Plan is to protect and account for all funds on deposit with the county treasurer and to be able to continue banking and investment functions for all participants in the event of an occurrence; i.e. earthquake, fire, flood, or some other event, which disrupts normal operations. The Plan provides for the ability to perform banking and investment functions at an off-site location under less than optimal conditions.

Approved

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

12-4-18  
Date



APPENDIX A

<u>Permitted Investments/Deposits</u>	<u>Government Code Limits %</u>	<u>Investment Policy Limits %</u>	<u>Investment Policy Term Limit</u>	<u>Minimum Rating</u>
Securities of the U.S. Government	No Limit	No Limit	5 years	N/A
Securities issued by United States Government Sponsored Enterprises	No Limit	No Limit	5 years	N/A
Bankers Acceptances (1)	40%	40%	180 days	N/A
Commercial Paper	40%	40%	270 days	P-1, A-1
Negotiable Certificates of Deposit (2)	30%	30%	13 months	P-1, or A-1 or 4 Star
Non-negotiable Certificates of Deposit (2)	No Limit	50%	13 months	P-1 or A-1 or 4 Star
Account Registry Service Deposits (2)	30%	15%	13 months	N/A
Repurchase Agreements	No Limit	15%	Overnight/Weekend	N/A
Medium Term Notes	30%	30%	5 years	A
LAIF (3)	No Limit	10%	5 years	N/A
Mutual Funds (4)	20%	20%	5 years	AAA,Aaa
Mortgage-Backed Securities	20%	10%	5 years	AA
State of California Debt	No Limit	10%	5 years	N/A

APPENDIX A  
(Continued)

- (1) Investment policy limits any investment in bankers acceptances to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt is of prime quality and of the highest ranking as provided for by Moody's or Standard and Poor's (P-1, A-1).
- (2) Banks, savings associations or federal associations having a "4 Star" or higher rating as provided by Bauer Financial, Inc. or a comparable rating service. For negotiable certificates of deposit, no more than 5 percent of the money shall be invested in any one institution. Negotiable certificates of deposit and account registry service deposits combined shall not exceed 30% of the portfolio. For non-negotiable certificates of deposit, no more than 15 percent of the money shall be invested in any one institution.
- (3) LAIF Board of Directors currently limits the investment to \$65,000,000, excluding bond and note proceeds. Government Code does not place a percentage limit on the amount of money that may be invested in LAIF.
- (4) Diversified management companies investing in the securities and obligations as authorized by California Government Code, Sections 53601, et seq., shall either (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the SEC with at least five years of experience investing in the securities authorized by code sections noted in the policy and with assets under management in excess of \$500,000,000.

Diversified management companies issuing shares of beneficial interest that are money market funds registered with the Securities and Exchange Commission (SEC) under the Investment Act of 1940 shall either (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the SEC with not less than five years of experience managing money market mutual funds with assets under management in excess of \$500,000,000. Only 10 percent of the money may be invested in any one mutual fund.

## APPENDIX B

### RATING SUMMARY

<u>RATING SERVICE</u>	<u>RATING CATEGORY</u>	<u>RATING DEFINITION</u>
Moody's	Aaa	Best Quality
	Aa	High Quality
	A	Upper-medium grade
	Baa	Medium grade obligations
	Ba	Judged to have speculative elements
	B	Lack characteristics of desirable investment
	Caa	Investment in poor standing
	Ca	Speculative in a high degree
	C	Poor prospect of attaining investment standing
	Moody's Modifiers	1,2,and 3
Moody's Commercial Paper	Prime-1	Superior ability for repayment
	Prime-2	Strong ability for repayment
	Prime-3	Acceptable ability for repayment
	Not Prime	Do not fall in top 3 rating categories
Standard & Poors	AAA	Highest Rating
	AA	Strong capacity for repayment
	A	Strong capacity for repayment but less than AA category
	BBB	Adequate capacity for repayment
	BB	Speculative
	B	Greater vulnerability to default than BB category
	CCC	Identifiable vulnerability to default
	CC	Subordinated debt of issues ranked in CCC category
	C	Subordinated debt of issues ranked in CCC category
	Cl	Income bonds where no interest is paid
	D	Default
Standard & Poors – Modifiers	(+) or (-)	Rankings within rating category
Standard & Poors – Commercial	A-1	Highest degree of safety
	A-2	Timely repayment characteristics is satisfactory
	A-3	Adequate capacity for repayment
	B	Speculative
	C	Doubtful repayment
	D	Default

APPENDIX B

(Continued)

RATING SUMMARY

<u>RATING SERVICE</u>	<u>RATING CATEGORY</u>	<u>RATING DEFINITION</u>
Fitch	AAA	Highest credit quality
	AA	Very high credit quality
	A	High credit quality
	BBB	Good credit quality
	BB	Speculative
	B	High speculative
	CCC, CC, C	High default risk
	DDD, DD, D	Default
Fitch	Modifiers	“+” or “-”
		Relative status within rating categories
Fitch	Commercial Paper	F1
		Highest credit quality
		F2
		Good credit quality
		F3
		Fair credit quality
		B
		Speculative
		C
		High default risk
		D
		Default
Bauer	5 Star	Superior
	4 Star	Excellent
	3 ½ Star	Good
	3 Star	Adequate
	2 Star	Problematic
	1 Star	Troubled
	Zero	Our lowest star rating

## APPENDIX C

### Glossary of Cash Management Terms

The following is a glossary of key investing terms, many of which appear in County of Fresno Treasury Investment Policy. This glossary has been adapted from the Government Finance Officers Association (GFOA) sample investment policy.

Accrued Interest - The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization - The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Average Life - The average length of time that an issue of serial bonds term bonds, or both, with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance – A draft or bill of exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

Basis Point - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., 1/4 of 1 percent is equal to 25 basis points.

Bid - The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value - The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Callable Bond - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk - The risk to a bondholder that a bond may be redeemed prior to maturity.

Cash Sale/Purchase - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

APPENDIX C  
(Continued)

Certificate of Deposit (CD) – A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period.

Certificate of Deposit Account Registry System (CDARS) – A private CD placement service that allows local agencies to purchase more than \$100,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$100,000 each, so that FDIC coverage is maintained.

Collateralization - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan security, or both.

Commercial Paper - An unsecured short-term promissory note issued, with maturities ranging from 1 to 270 days.

Convexity - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Coupon Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

Credit Quality - The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Risk - The risk to an investor that an issuer will default in the payment of interest principal on a security, or both.

Current Yield (Current Return) - A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Delivery Versus Payment (DVP) - A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Discount - The amount by which the par value of a security exceeds the price paid for the security.

Diversification - A process of investing assets among a range of security types by sector, maturity, and quality rating.

Fair Value - The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

APPENDIX C  
(Continued)

Federal Funds (Fed Funds) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate - Interest rate charged by one institution lending federal funds to the other.

Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms in the United States.

Government Securities - An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

Interest Rate - See "Coupon Rate."

Interest Rate Risk - The risk associated with declines or rises in interest rates which cause in investment in a fixed-income security to increase or decrease in value.

Inverted Yield Curve - A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Company Act of 1940- Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Investment-grade Obligations - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Liquidity - An asset that can be converted easily and quickly into cash without significant loss of value.

Local Agency Investment Fund – A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

Local Government Investment Pool (LGIP) - An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-market - The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

## APPENDIX C

(Continued)

Market Risk - The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value - Current market price of a security.

Maturity - The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

Medium-Term Note – Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in California Government Code) with a remaining maturity of five years or less.

Money Market Mutual Fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mortgage Backed Securities – Mortgage-backed securities (MBS) are created when a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interest or participations in the pool. MBS owners receive a prorate share of the interest and principal passed through from the pool of mortgages. Most MBS are issued guaranteed, or both, by federal agencies and instrumentalities.

Mortgage Pass-Through Obligations – Securities that are created when residential mortgages are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

Mutual Fund - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.



APPENDIX C  
(Continued)

Negotiable Certificates of Deposit – Short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, or state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

Net Asset Value - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)  $[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$

Nominal Yield - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

Non-negotiable Certificates of Deposit – CDs that carry a penalty if redeemed prior to maturity. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to \$100,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral.

Offer - An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Par - Face value or principal value of a bond, typically \$1,000 per bond.

Positive Yield Curve - A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium - The amount by which the price paid for a security exceeds the security's par value.

Principal - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

APPENDIX C  
(Continued)

Regular Way Delivery - Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

Reinvestment Risk - The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

Repurchase Agreement (Repo or RP) - An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Reverse Repurchase Agreement (Reverse Repo) - An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule 2a-7 of the Investment Company Act - The Securities and Exchange Commission regulates money market funds in the United States and this rule restricts quality, maturity and diversity of investments by money market funds in an attempt to provide a safe, liquid alternative to bank deposits, while providing a higher yield.

Safekeeping - Holding of assets (e.g., securities) by a financial institution.

Swap - Trading one asset for another.

Term Bond - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Total Return - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

Treasury Bills - Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

## APPENDIX C

(Continued)

Treasury Notes - Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

Treasury Bonds - Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Uniform Net Capital Rule - SEC Rule 15c3-1 outlining capital requirements for broker-dealers.

Volatility - A degree of fluctuation in the price and valuation of securities.

Weighted Average Maturity (WAM) - The dollar-weighted average maturity of all the securities that comprise a portfolio.

When Issued (WI) - A conditional transaction in which an authorized new security has not been issued. All "when issued" transactions are settled when the actual security is issued.

Yield - The current rate of return on an investment security generally expressed as a percentage of the security's current price.

Yield-to-call (YTC) - The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield Curve - A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-maturity - The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Zero-coupon Securities - Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.



## Quarterly Investment Report

As of March 31, 2019

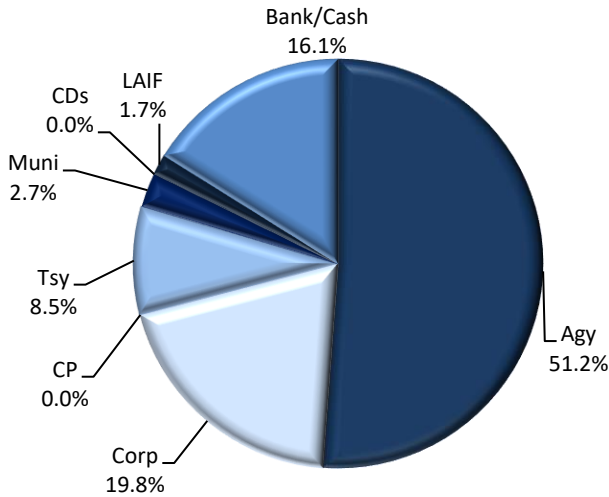
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Board of Supervisors: Buddy Mendes, Brian Pacheco, Nathan Magsig, Sal Quintero, Steve Brandau  
County Administrative Officer: Jean Rousseau

**SECTOR ALLOCATION**



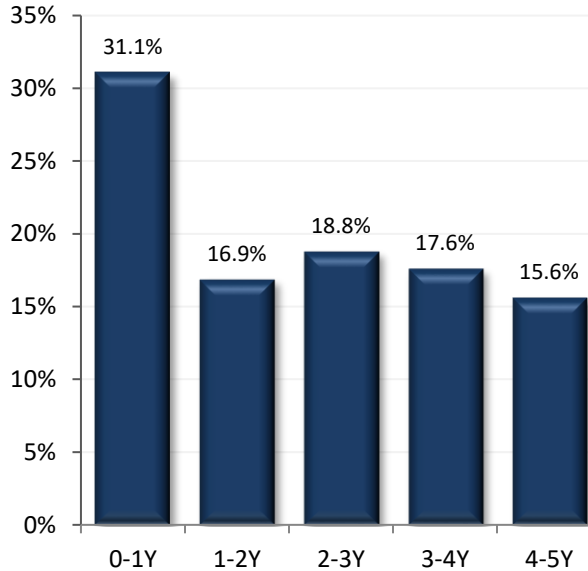
Per Book Value

**ACCOUNT SUMMARY**

	3/31/19	12/31/18
<b>Market Value</b>	\$3,849,252,349	\$3,770,988,770
<b>Book Value*</b>	\$3,857,429,169	\$3,808,681,373
<b>Unrealized G/L</b>	-\$8,176,821	-\$37,692,603
<b>Par Value</b>	\$3,859,822,014	\$3,810,724,704
<b>Net Asset Value</b>	\$99.788	\$99.010
<b>Book Yield</b>	2.15%	2.05%
<b>Years to Maturity</b>	2.06	1.98
<b>Effective Duration</b>	1.97	1.86

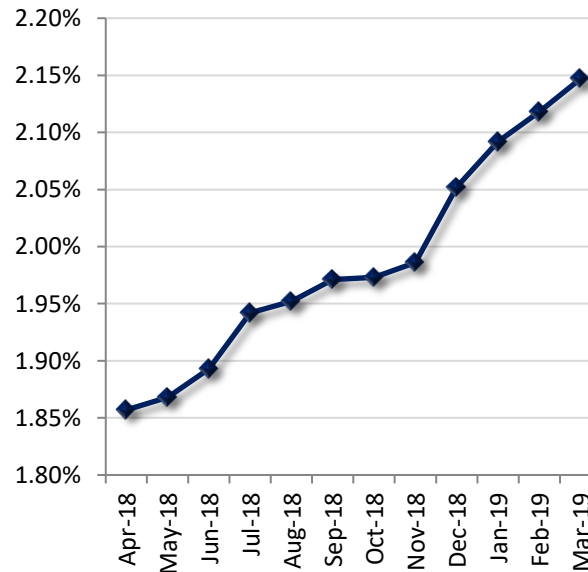
\*Book Value is Amortized

**MATURITY DISTRIBUTION**



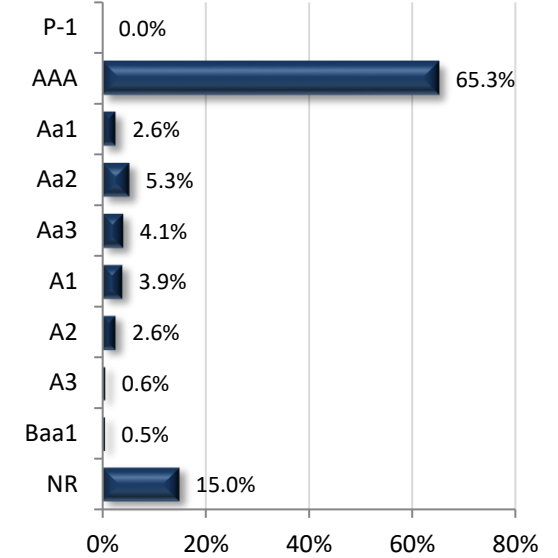
Per Book Value

**PORTFOLIO BOOK YIELD HISTORY**



NR: Not Rated

**CREDIT QUALITY (MOODY'S)**



**TOP ISSUERS**

Issuer	% Portfolio
FEDERAL HOME LOAN BANK	20.1%
FEDERAL NATIONAL MORTGAGE	16.7%
FEDERAL FARM CREDIT BANK	10.7%
BANK OF THE WEST MM	10.4%
US TREASURY NOTE	8.4%
FEDERAL HOME MORTGAGE CO	3.6%
FIDELITY 2642	2.9%
MICROSOFT	2.8%
US BANK NA	2.7%
STATE OF CALIFORNIA	2.7%
APPLE INC	2.6%
JP MORGAN	2.4%
CHEVRON CORP	2.3%
LAIF	1.7%
WELLS FARGO	1.7%

Per Book Value

Item / Sector	Parameters	In Compliance	
11.0 Weighted Average Maturity	Weighted Average Maturity (WAM) must be less than 3.5 years.	Yes	2.06 Yrs
8.1 U.S. Treasuries	No sector limit, no issuer limit, max maturity 5 years.	Yes	8.5%
8.2 U.S. Agencies	No sector limit, no issuer limit, max maturity 5 years.	Yes	51.2%
8.3 Banker Acceptances	40% limit, Issue is eligible for purchase by Federal Reserve. Issuer is among 150 largest banks based on total asset size; max maturity 180 days; rated A-1 or P-1.	Yes	0.0%
8.4 Commercial Paper	40% limit, corporation organized and operating in the US with total assets of \$500mm. 10% of issuer's CP / 10% in any one issuer; max maturity 270 days; minimum short-term rating of A-1 by S&P or P-1 by Moody's, minimum long-term rating of A by S&P or its equivalent or better ranking by a nationally recognized rating service.	Yes	0.0%
8.5 Negotiable CDs	30% limit (combined with 8.6.1), Issued by national or state chartered bank or savings assoc., or a state licensed branch of a foreign bank that is among 150 largest banks in total asset size; minimum short-term rating of P-1 or A-1 or issuer meets rating requirements; 5% in any one issuer, max maturity 13 months.	Yes	0.0%
8.6 Non-Negotiable CDs	50% limit, Issued by national or state chartered bank or savings association. FDIC insurance OR full collateralization of 110% government or 150% mortgages. Contract for Deposit in place. 15% in any one issuer; short-term rating is a minimum of A-1 by S&P or P-1 by Moody's, max maturity 13 months.	Yes	0.0%
8.6.1 Placement CDs	15% limit (30% combined with 8.5), Issued by national or state chartered bank or savings association or credit union that uses a placement entity. Deposit Placement Agreement in place.	Yes	0.0%
8.7 Repurchase Agreements	15% limit, Tri-party agreement in place. 102% collateralization of US treasuries or agencies, BAs, CP, Negotiable CD's; Overnight or weekend maturities.	Yes	0.0%
8.8 Medium-Term Notes	30% limit, organized and operating in the US or state licensed depository institution; max maturity 5 years; rated A or better by S&P, or its equivalent or better by a nationally recognized rating service.	Yes	19.8%
8.9 L.A.I.F	California State's deposit limit is \$65 million; Current investment policy limit is not to exceed 10% of the portfolio.	Yes	\$65 Mil

Item / Sector	Parameters	In Compliance	
8.10 Mutual Funds/ Money Markets Funds	20% limit, 10% per issuer; Registered with SEC, 5 years experience, \$500mm AUM or rated by AAA-m, Aaa-mf, AAA-m by not less than two nationally recognized rating agencies.	Yes	2.9%
8.11 ABS and MBS	10% limit combined. Security must be AA rated by one rating agency, with an A or better rating for the underlying, max maturity 5 years.	Yes	0.0%
8.12 Money Held from Pledged Assets	Invest according to statutory provision or according to entity providing issuance.	Yes	0.0%
8.13 External Managers	Invest per policy.	Yes	0.0%
8.14 State of California Debt	10% limit, Registered State warrants or CA treasury notes, including revenue producing entities controlled or operated by the State or by a department, board, agency, or authority of the State; 5 years max maturity.	Yes	2.7%
Cash & Bank Account	NA	NA	13.3%

**Compliance**

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

**Review and Monitoring**

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

**Additional Information**

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

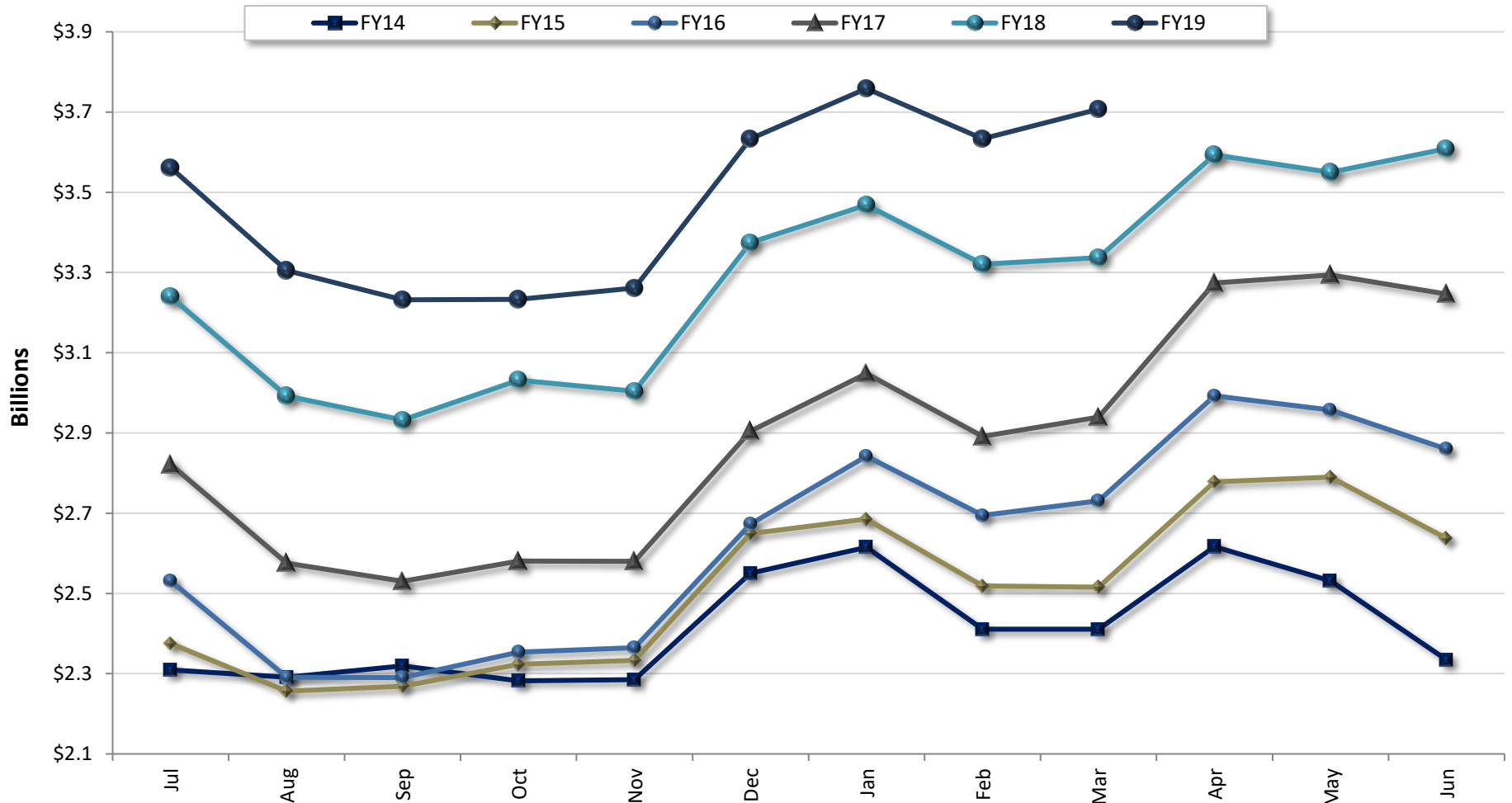
The market values of securities were taken from pricing services provided by Interactive Data Corporation.





	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Fiscal Year 2014</b>	\$2.310	\$2.291	\$2.319	\$2.282	\$2.285	\$2.551	\$2.615	\$2.411	\$2.411	\$2.617	\$2.531	\$2.335
<b>Fiscal Year 2015</b>	\$2.375	\$2.256	\$2.269	\$2.323	\$2.333	\$2.649	\$2.685	\$2.519	\$2.515	\$2.778	\$2.790	\$2.637
<b>Fiscal Year 2016</b>	\$2.531	\$2.291	\$2.290	\$2.354	\$2.365	\$2.673	\$2.842	\$2.695	\$2.731	\$2.993	\$2.957	\$2.860
<b>Fiscal Year 2017</b>	\$2.822	\$2.576	\$2.530	\$2.581	\$2.580	\$2.905	\$3.048	\$2.891	\$2.940	\$3.274	\$3.294	\$3.247
<b>Fiscal Year 2018</b>	\$3.240	\$2.992	\$2.932	\$3.032	\$3.004	\$3.374	\$3.468	\$3.321	\$3.337	\$3.593	\$3.550	\$3.609
<b>Fiscal Year 2019</b>	\$3.562	\$3.305	\$3.232	\$3.233	\$3.262	\$3.634	\$3.759	\$3.634	\$3.707			

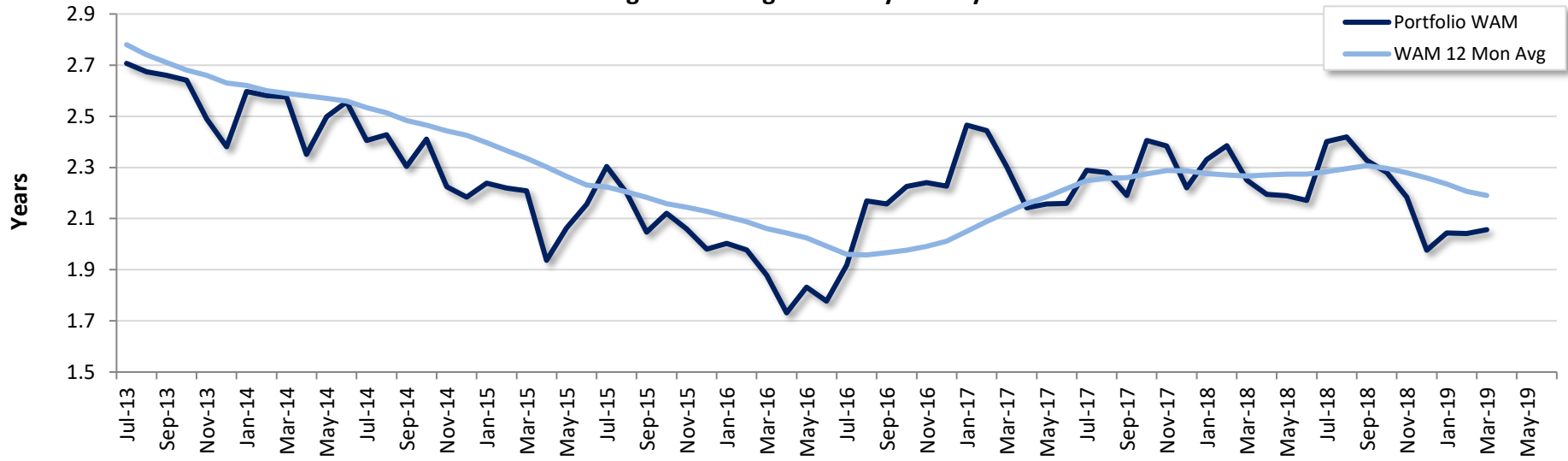
Figures in Billions, Average Daily Balance



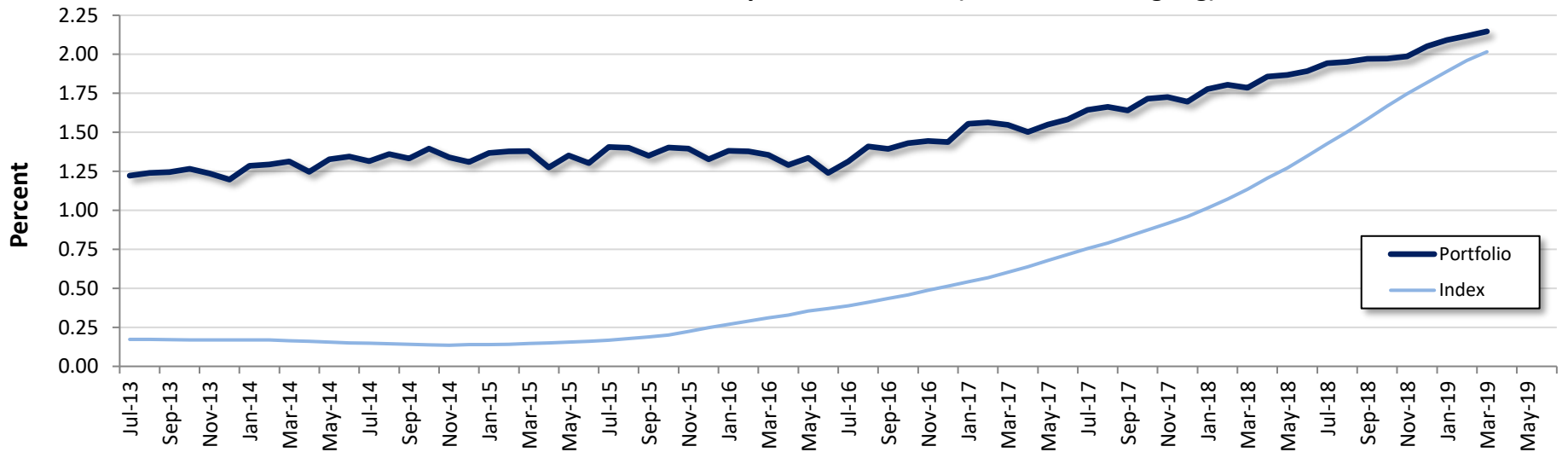
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Fiscal Year 2014</b>	\$2.310	\$2.291	\$2.319	\$2.282	\$2.285	\$2.551	\$2.615	\$2.411	\$2.411	\$2.617	\$2.531	\$2.335
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Figures in Billions, Average Daily Balance

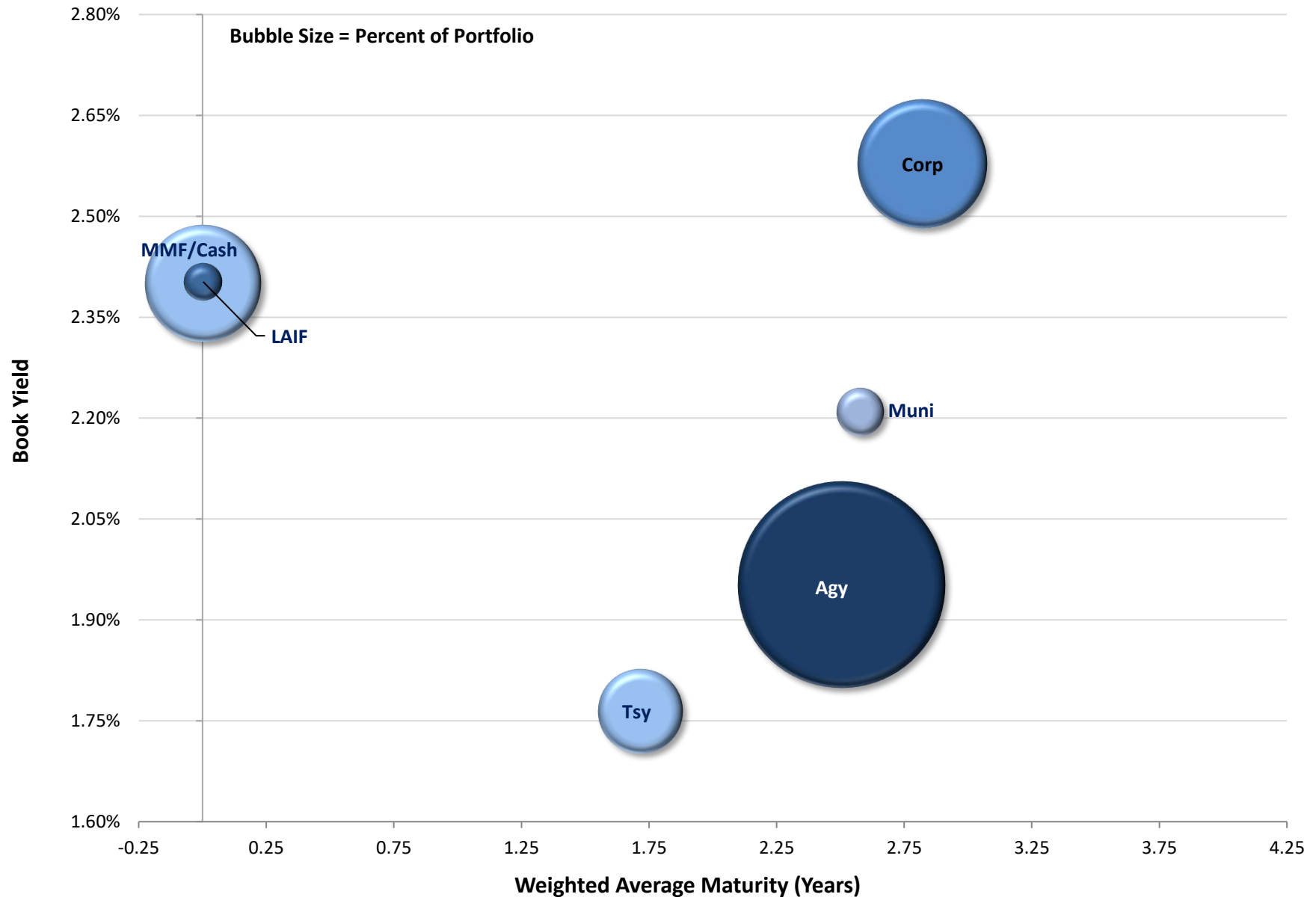
**Weighted Average Maturity History**



**Month-End Book Yield vs 1-Year Treasury Note Index Yield (24 month moving avg)**

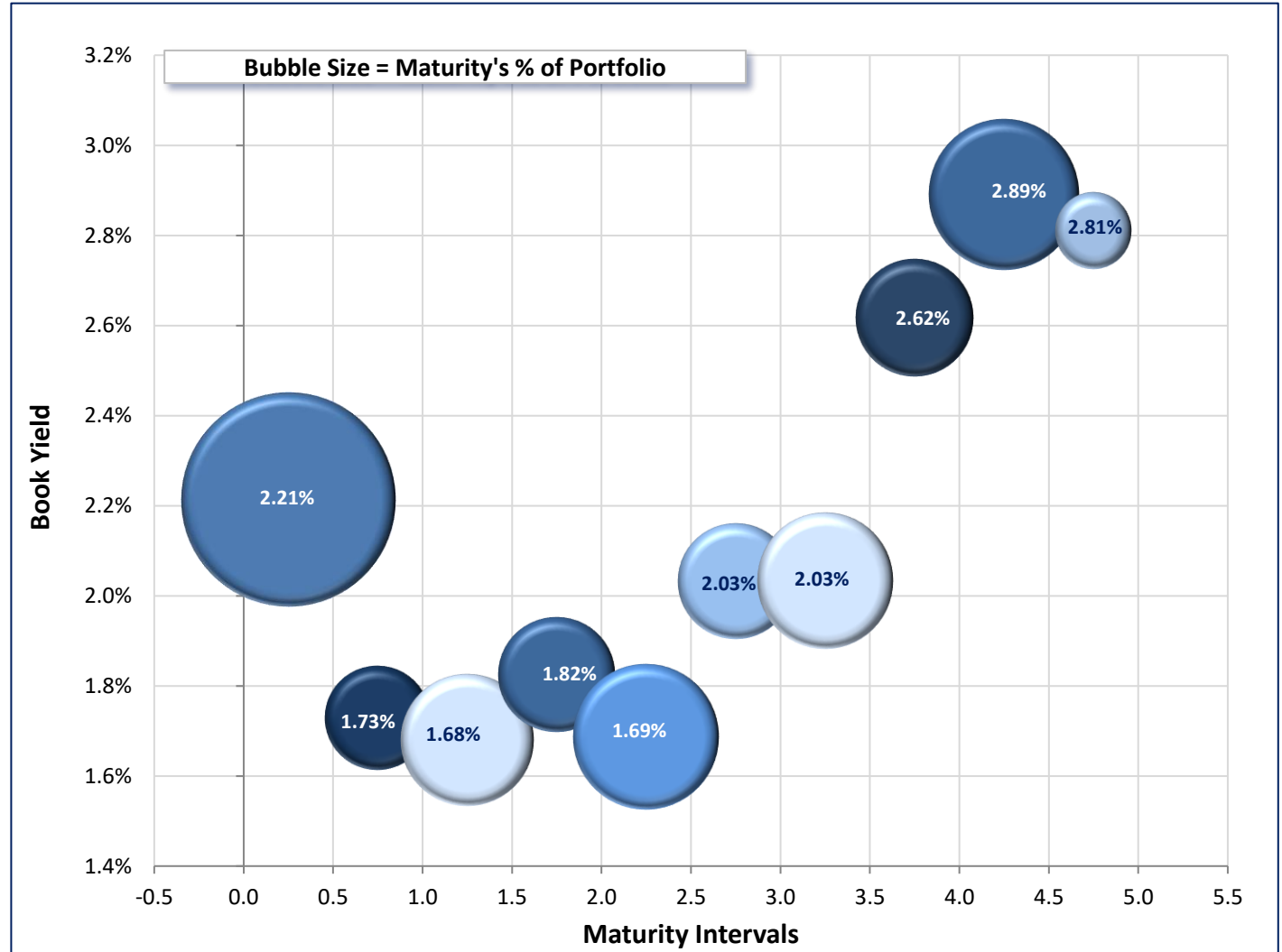


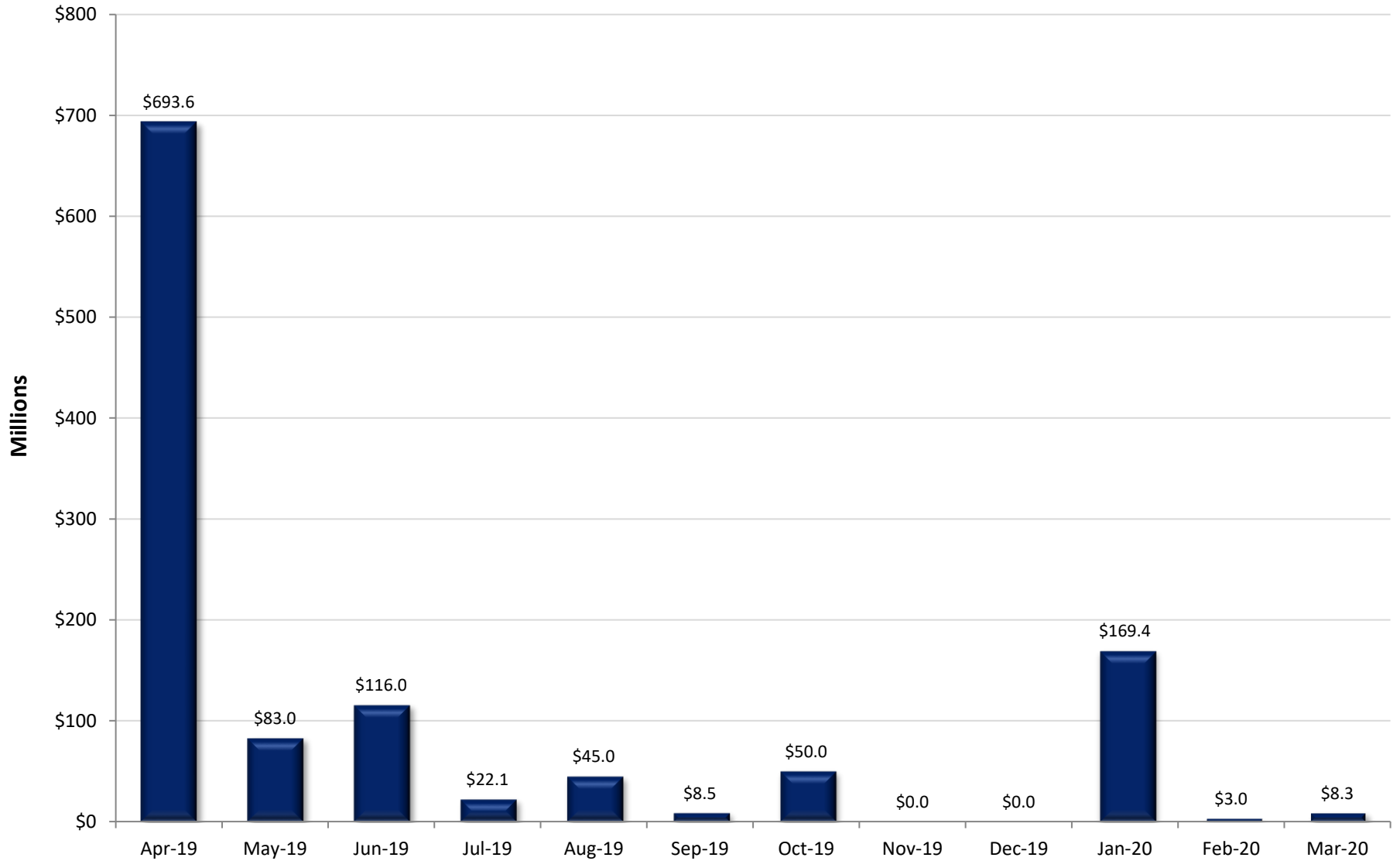
Index: 24 Month Moving Average of the ICE BofAML 1-Year US Treasury Note Index



Years	Book Yield	% of Portfolio*
0 to .5	2.21%	25.10%
.5 to 1.0	1.73%	5.98%
1.0 to 1.5	1.68%	9.56%
1.5 to 2.0	1.82%	7.30%
2.0 to 2.5	1.69%	11.52%
2.5 to 3.0	2.03%	7.27%
3.0 to 3.5	2.03%	10.06%
3.5 to 4.0	2.62%	7.56%
4.0 to 4.5	2.89%	12.45%
4.5 to 5.0+	2.81%	3.20%

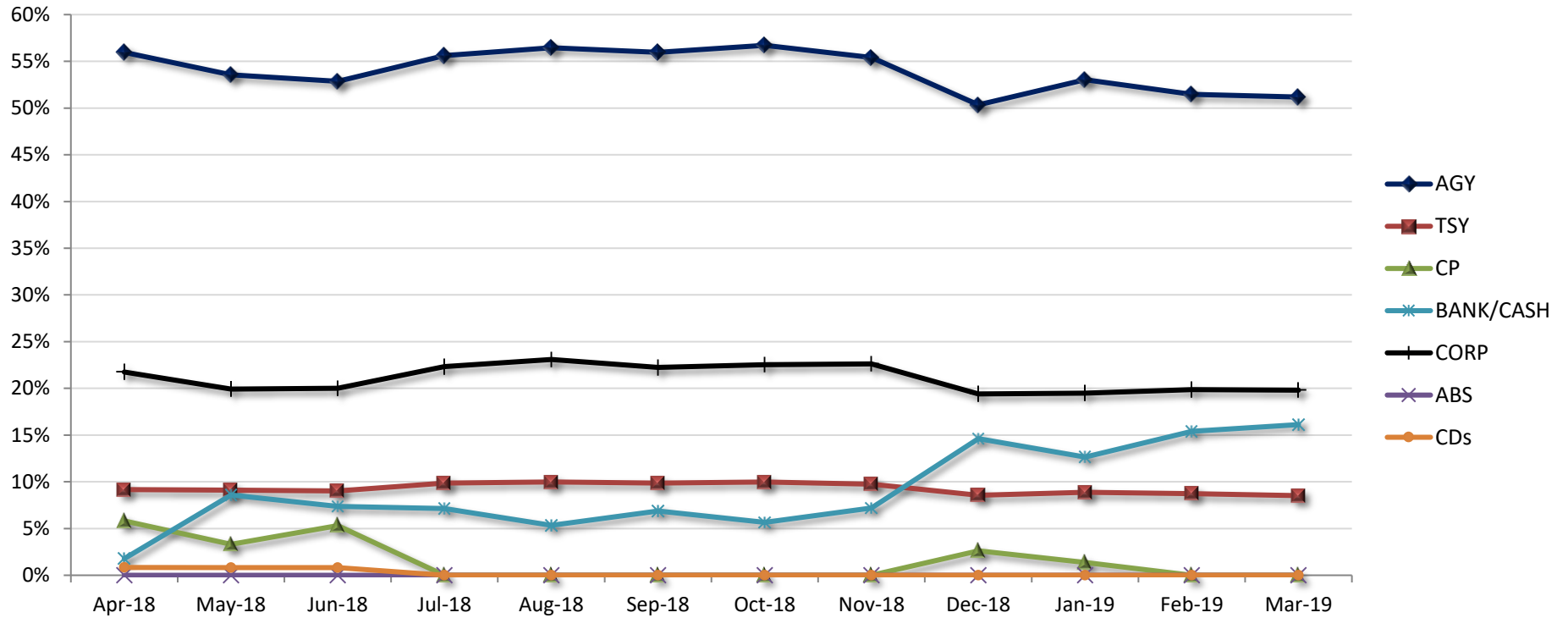
\*Based on Book Value



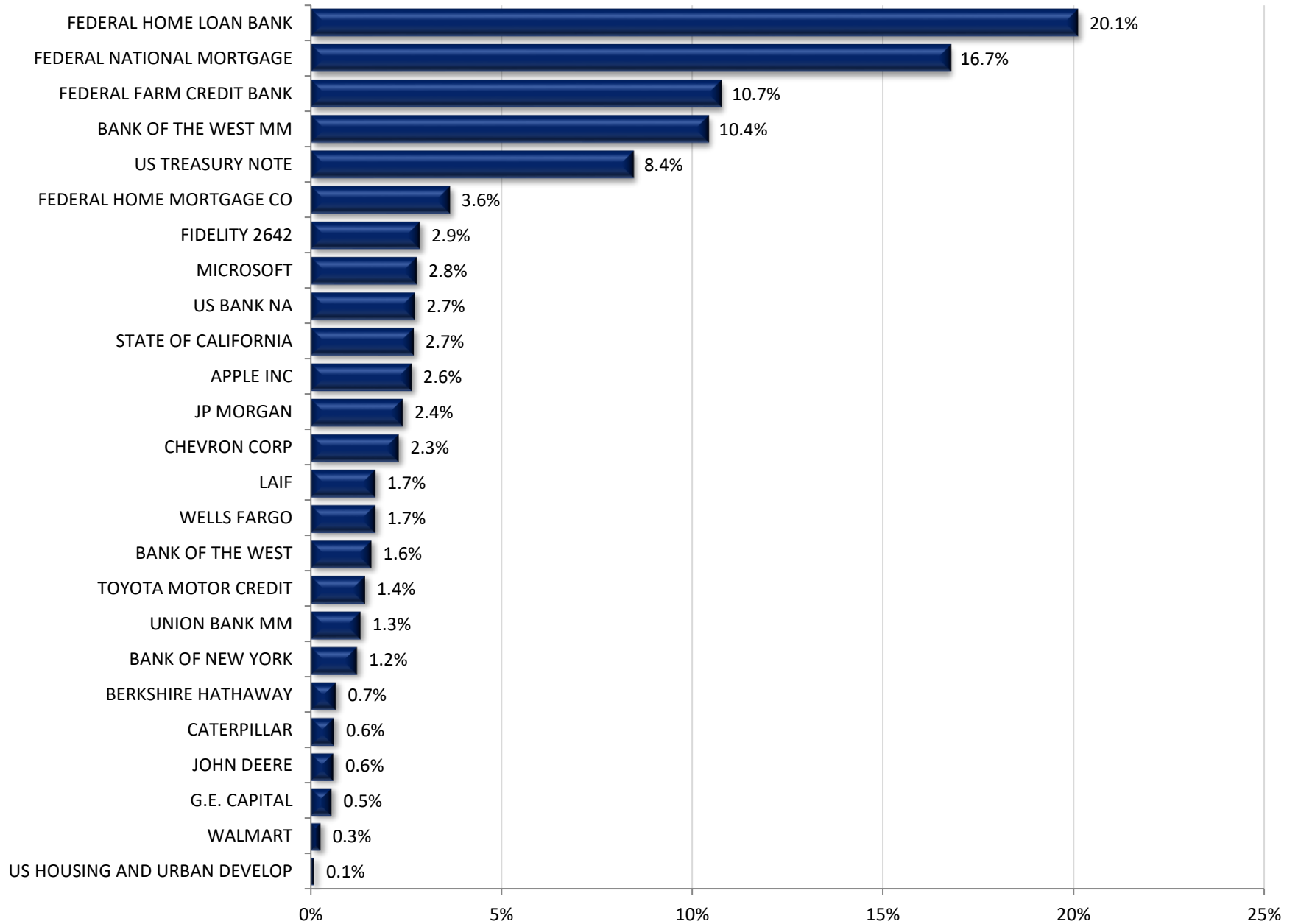


	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
<b>Maturities</b>	\$693.6	\$83.0	\$116.0	\$22.1	\$45.0	\$8.5	\$50.0	\$0.0	\$0.0	\$169.4	\$3.0	\$8.3

Par Value in Millions

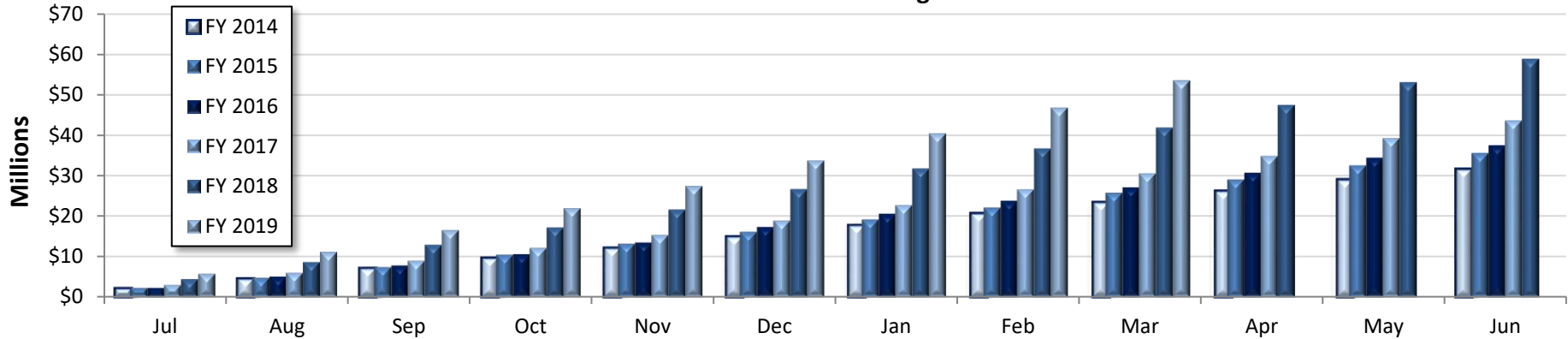


Sector	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
<b>Agency</b>	56.0%	53.6%	52.8%	55.6%	56.4%	56.0%	56.7%	55.4%	50.3%	53.0%	51.5%	51.2%
<b>Treasury</b>	9.2%	9.1%	9.0%	9.9%	10.0%	9.9%	10.0%	9.7%	8.6%	8.9%	8.7%	8.5%
<b>Commercial Paper</b>	5.8%	3.3%	5.3%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	1.4%	0.0%	0.0%
<b>LAIF</b>	1.8%	1.8%	1.8%	2.0%	2.0%	2.0%	2.0%	1.9%	1.7%	1.8%	1.7%	1.7%
<b>Muni</b>	2.9%	2.9%	2.8%	3.1%	3.2%	3.1%	3.2%	3.1%	2.7%	2.8%	2.8%	2.7%
<b>Corporates</b>	21.7%	19.9%	20.0%	22.3%	23.1%	22.2%	22.5%	22.6%	19.4%	19.5%	19.9%	19.8%
<b>CDs</b>	0.8%	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>ABS</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Bank/Cash</b>	1.8%	8.6%	7.4%	7.2%	5.3%	6.9%	5.6%	7.2%	14.6%	12.6%	15.4%	16.1%
<b>Total</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



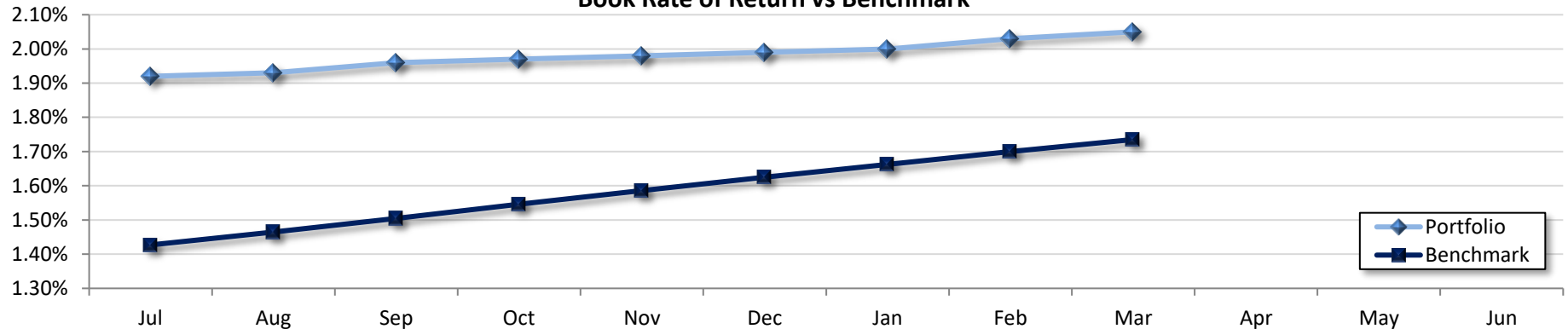


**Fiscal Year-to-Date Earnings**



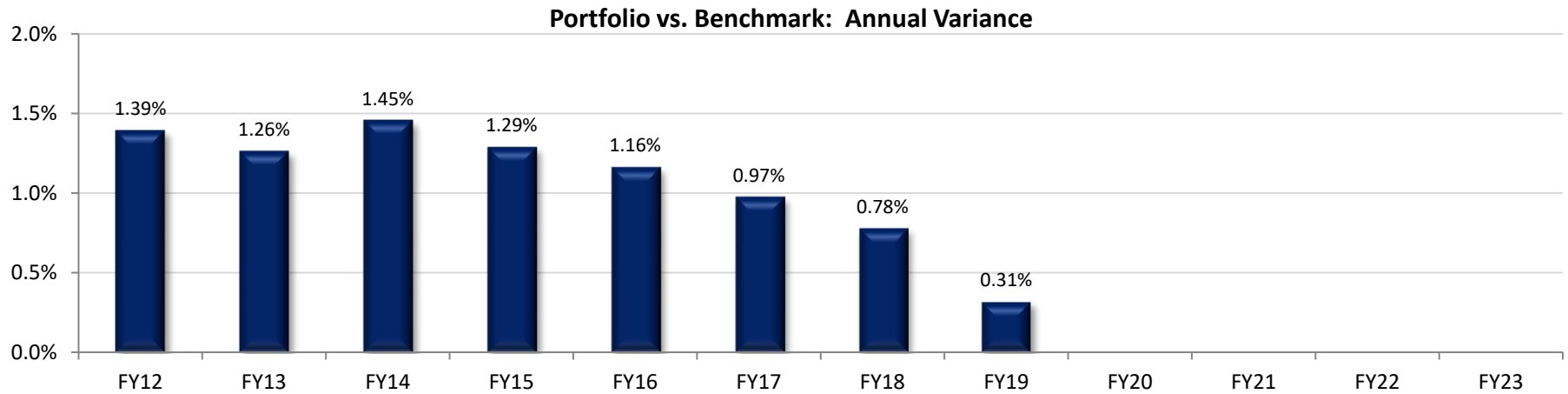
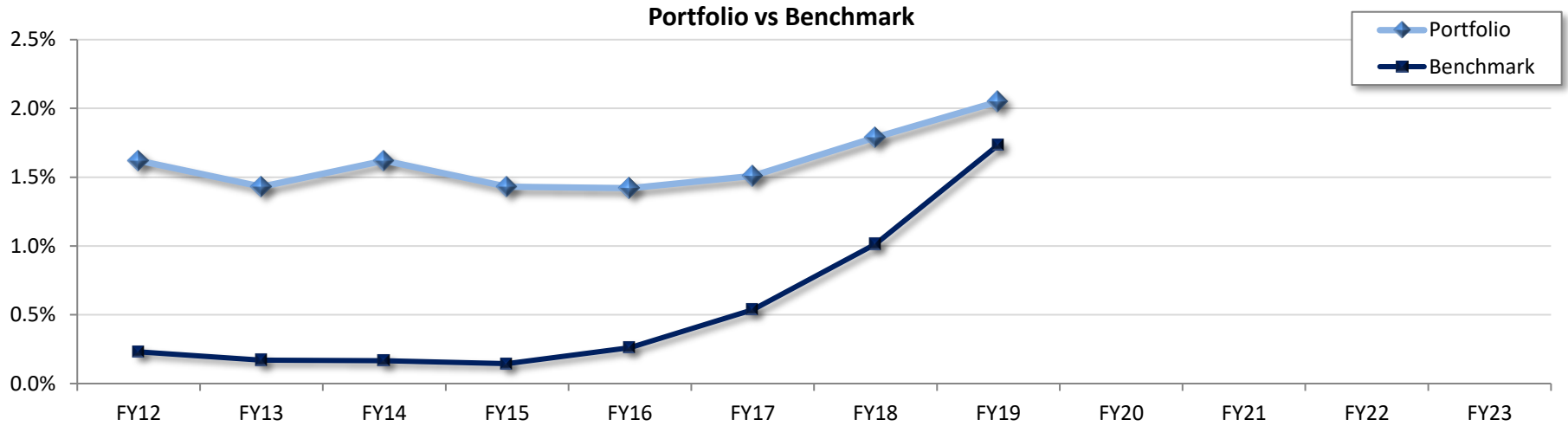
Fiscal YTD (\$Mil)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2014	\$2.3	\$4.7	\$7.3	\$9.8	\$12.2	\$15.0	\$17.7	\$20.7	\$23.4	\$26.2	\$29.0	\$31.6
FY 2015	\$2.3	\$4.9	\$7.5	\$10.5	\$13.3	\$16.2	\$19.2	\$22.1	\$25.8	\$29.0	\$32.5	\$35.5
FY 2016	\$2.3	\$5.1	\$7.8	\$10.6	\$13.4	\$17.2	\$20.5	\$23.7	\$26.9	\$30.5	\$34.2	\$37.3
FY 2017	\$3.0	\$6.0	\$9.0	\$12.1	\$15.3	\$18.9	\$22.7	\$26.5	\$30.5	\$34.8	\$39.2	\$43.5
FY 2018	\$4.5	\$8.7	\$12.9	\$17.3	\$21.6	\$26.7	\$31.7	\$36.7	\$41.9	\$47.4	\$53.0	\$58.8
FY 2019	\$5.8	\$11.3	\$16.7	\$22.1	\$27.5	\$33.8	\$40.4	\$46.7	\$53.5			

**Book Rate of Return vs Benchmark**



Fiscal YTD	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Book Rate of Rtn	1.92%	1.93%	1.96%	1.97%	1.98%	1.99%	2.00%	2.03%	2.05%			
Benchmark*	1.43%	1.46%	1.50%	1.55%	1.59%	1.62%	1.66%	1.70%	1.74%			
Variance	0.49%	0.47%	0.46%	0.42%	0.39%	0.37%	0.34%	0.33%	0.31%			

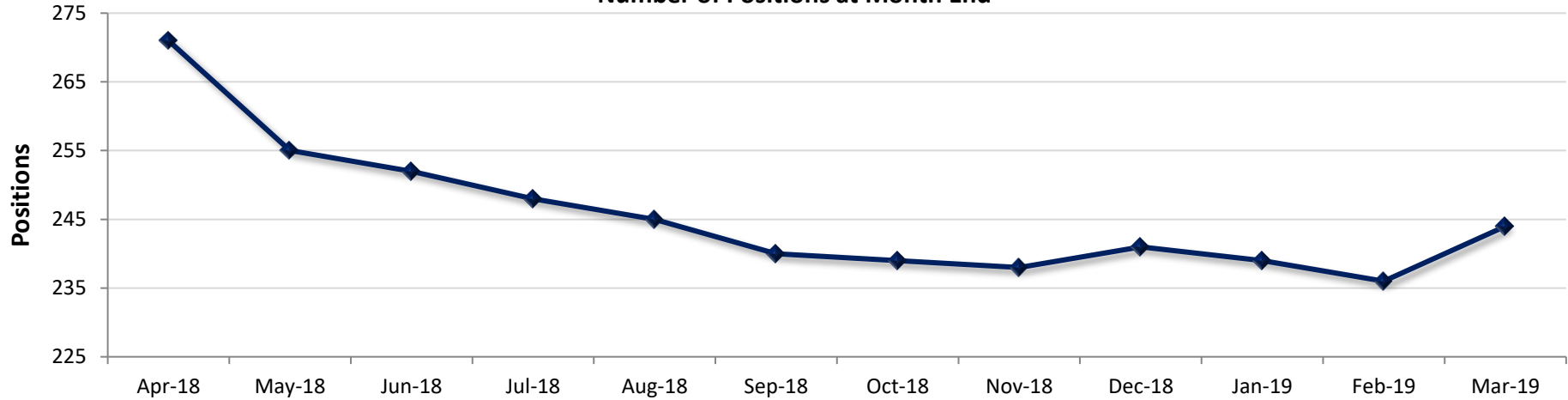
\*Benchmark: ICE BofAML 1-Year US Treasury Note Index (24 Month Moving Average)--Average Builds Over the Fiscal Year Period



Fiscal YTD	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
<b>Portfolio</b>	1.62%	1.43%	1.62%	1.43%	1.42%	1.51%	1.79%	2.05%				
<b>Benchmark*</b>	0.23%	0.17%	0.17%	0.14%	0.26%	0.54%	1.01%	1.74%				
<b>Variance</b>	1.39%	1.26%	1.45%	1.29%	1.16%	0.97%	0.78%	0.31%				

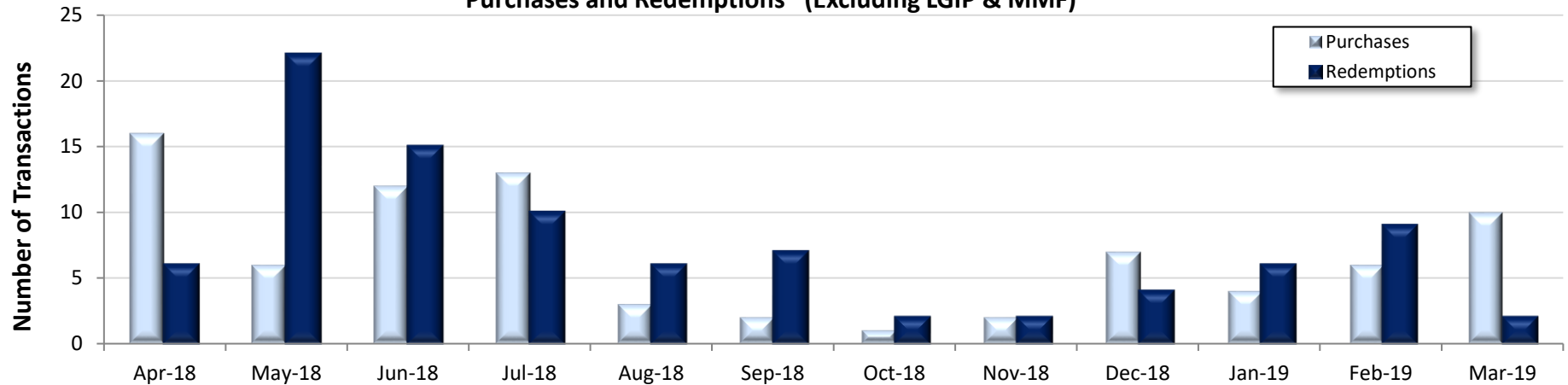
\*Benchmark: ICE BofAML 1-Year US Treasury Note Index (24 Month Moving Average)--Average Builds Over the Fiscal Year Period

**Number of Positions at Month End**



	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
<b>Positions</b>	271	255	252	248	245	240	239	238	241	239	236	244

**Purchases and Redemptions\* (Excluding LGIP & MMF)**



\*Redemptions include maturities, calls, and sells

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
<b>Purchases</b>	16	6	12	13	3	2	1	2	7	4	6	10
<b>Redemptions</b>	6	22	15	10	6	7	2	2	4	6	9	2
<b>Total Transactions</b>	22	28	27	23	9	9	3	4	11	10	15	12

**Summary of Portfolio**

	March 2019	December 2018	September 2018	June 2018	March 2018
<b>Market Value</b>	\$3,849,252,349	\$3,770,988,770	\$3,263,439,272	\$3,602,167,778	\$3,445,620,926
<b>Amortize Cost Value</b>	\$3,857,429,169	\$3,808,681,373	\$3,325,605,518	\$3,657,258,602	\$3,492,422,560
<b>Unrealized Gain/Loss % on cost</b>	-0.21%	-0.99%	-1.87%	-1.51%	-1.34%
<b>Yield (weighted on cost value)</b>	2.15%	2.05%	1.97%	1.89%	1.79%
<b>Years to Maturity (weighted on cost value)</b>	2.06	1.98	2.33	2.17	2.25
<b>Avg Dollar-Weighted Quality Rating</b>	AA+	AA+	AA+	AA+	AA+

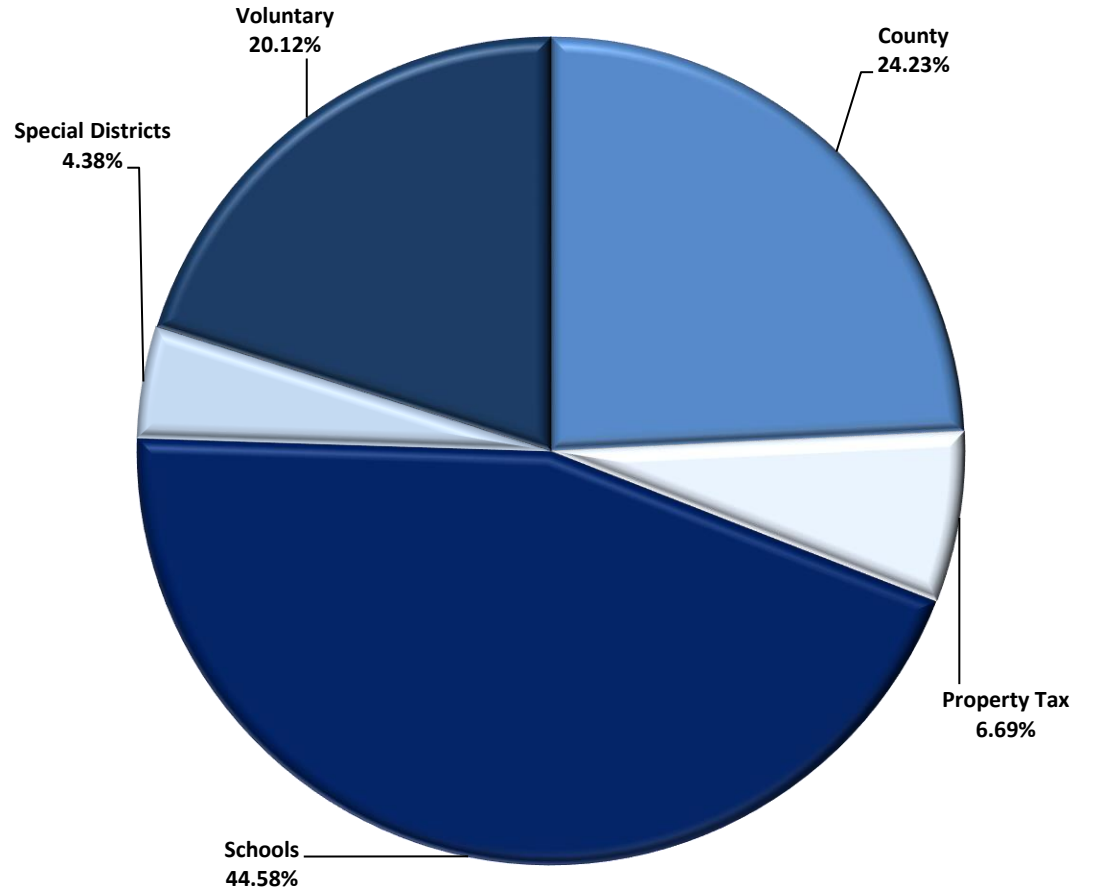
**Projection of Future Cash Flows (in millions)**

Month	Monthly Receipts (a)	Monthly Disburs. (a)	Difference	Actual Inv. Maturities	Balance
Beginning Balance (b)					686.9
4/19	715.0	563.3	151.7	6.7	845.3
5/19	408.0	491.7	-83.7	83.0	844.6
6/19	502.3	540.6	-38.3	116.0	922.3
7/19	316.7	641.6	-324.9	22.1	619.5
8/19	308.5	430.0	-121.5	45.0	543.0
9/19	443.9	398.3	45.6	8.5	597.1
<b>Totals</b>	<b>2,694.4</b>	<b>3,065.5</b>	<b>-371.1</b>	<b>281.3</b>	

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

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

Entity	Portfolio \$	Portfolio %
County	951,000,010	24.23%
Property Tax	262,512,639	6.69%
Schools	1,749,576,007	44.58%
Special Districts	171,949,621	4.38%
Voluntary	789,559,794	20.12%
<b>Total</b>	<b>3,924,598,071</b>	<b>100.00%</b>





**County of Fresno  
Portfolio Management  
Portfolio Summary  
March 31, 2019**

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

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM 360 Equiv.</b>
Bank Accounts	61,076,681.71	61,076,681.71	61,076,681.71	1.58	1	1	1.509
Federal Agency Coupons	1,974,209,000.00	1,967,591,133.93	1,974,165,962.38	51.18	1,717	914	1.952
Medium Term Notes	766,705,000.00	765,087,781.01	763,778,997.95	19.80	1,667	1,030	2.578
Treasury Notes	328,500,000.00	326,005,845.00	328,701,000.41	8.52	1,459	627	1.764
Mutual Funds	110,000,000.00	110,000,000.00	110,000,000.00	2.85	1	1	2.338
Local Agency Investment Funds	65,000,000.00	65,000,000.00	65,000,000.00	1.69	1	1	2.403
Bank Money Market Accounts	450,831,332.19	450,831,332.19	450,831,332.19	11.69	1	1	2.536
Municipal Bonds	103,500,000.00	103,659,575.00	103,875,194.83	2.69	1,598	941	2.209
<b>Investments</b>	<b>3,859,822,013.90</b>	<b>3,849,252,348.84</b>	<b>3,857,429,169.47</b>	<b>100.00%</b>	<b>1,376</b>	<b>751</b>	<b>2.147</b>

<b>Total Earnings</b>	<b>March 31 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	6,722,408.06	53,477,839.58
<b>Average Daily Balance</b>	<b>3,707,307,998.33</b>	<b>3,480,783,673.80</b>
<b>Effective Rate of Return</b>	<b>2.13%</b>	<b>2.05%</b>

Oscar J. Garcia, CPA, Treasurer/ Tax Collector

Reporting period 03/01/2019-03/31/2019

Run Date: 04/15/2019 - 11:05

Portfolio FSNO  
AC  
PM (PRF\_PM1) 7.3.0  
Report Ver. 7.3.6.1

**County of Fresno  
Portfolio Management  
Portfolio Details - Investments  
March 31, 2019**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	S&P Moody's	Maturity Date
<b>Bank Accounts</b>											
SYS03400B	03400B	BANK OF AMERICA			0.00	0.00	0.00	0.220	0.220		
SYS03400A	03400A	BANK OF THE WEST			61,076,681.71	61,076,681.71	61,076,681.71	1.530	1.530		
<b>Subtotal and Average</b>			<b>17,950,099.81</b>		<b>61,076,681.71</b>	<b>61,076,681.71</b>	<b>61,076,681.71</b>		<b>1.530</b>		
<b>Federal Agency Coupons</b>											
3133EDLR1	17248	FEDERAL FARM CREDIT BANK		05/27/2014	5,000,000.00	4,995,710.00	5,000,191.95	1.650	1.617	AA+ Aaa	05/15/2019
3133EEW55	17316	FEDERAL FARM CREDIT BANK		06/15/2015	10,000,000.00	9,930,500.00	9,990,034.88	1.800	1.887	AA+ Aaa	06/15/2020
3133EFYZ4	17359	FEDERAL FARM CREDIT BANK		02/29/2016	17,800,000.00	17,489,051.80	17,780,569.78	1.375	1.436	AA+ Aaa	02/10/2021
3133EFW52	17383	FEDERAL FARM CREDIT BANK		06/09/2016	2,060,000.00	2,053,869.44	2,060,500.34	1.150	1.051	AA+ Aaa	07/01/2019
3133EGYQ2	17410	FEDERAL FARM CREDIT BANK		10/27/2016	10,000,000.00	9,771,600.00	9,986,092.97	1.400	1.457	AA+ Aaa	10/14/2021
3133EGZJ7	17411	FEDERAL FARM CREDIT BANK		10/27/2016	10,000,000.00	9,763,060.00	9,979,767.59	1.375	1.457	AA+ Aaa	10/25/2021
3133EG5D3	17447	FEDERAL FARM CREDIT BANK		01/27/2017	50,000,000.00	49,607,400.00	50,000,000.00	2.030	2.030	AA+ Aaa	01/27/2022
3133EHJT1	17479	FEDERAL FARM CREDIT BANK		05/18/2017	5,000,000.00	4,952,840.00	4,996,431.17	2.000	2.024	AA+ Aaa	05/18/2022
3133EEY20	17495	FEDERAL FARM CREDIT BANK		09/21/2017	10,000,000.00	10,025,890.00	10,144,195.08	2.400	1.928	AA+ Aaa	06/17/2022
3133EHVS9	17499	FEDERAL FARM CREDIT BANK		09/28/2017	5,500,000.00	5,414,442.00	5,476,581.22	1.840	1.972	AA+ Aaa	08/23/2022
3133EJBP3	17535	FEDERAL FARM CREDIT BANK		02/07/2018	10,000,000.00	10,063,480.00	9,966,863.69	2.500	2.593	AA+ Aaa	02/02/2023
3133EJBP3	17536	FEDERAL FARM CREDIT BANK		02/28/2018	51,180,000.00	51,504,890.64	50,701,578.13	2.500	2.762	AA+ Aaa	02/02/2023
3133EH7F4	17557	FEDERAL FARM CREDIT BANK		04/19/2018	19,869,000.00	19,886,782.76	19,555,114.03	2.350	2.797	AA+ Aaa	01/17/2023
3133EJUS6	17584	FEDERAL FARM CREDIT BANK		07/17/2018	20,000,000.00	20,438,880.00	19,997,766.89	2.875	2.878	AA+ Aaa	07/17/2023
3133EJUS6	17589	FEDERAL FARM CREDIT BANK		07/25/2018	30,000,000.00	30,658,320.00	29,916,919.75	2.875	2.945	AA+ Aaa	07/17/2023
3133EJUS6	17593	FEDERAL FARM CREDIT BANK		09/19/2018	10,000,000.00	10,219,440.00	9,938,640.35	2.875	3.029	AA+ Aaa	07/17/2023
3133EJK57	17606	FEDERAL FARM CREDIT BANK		12/20/2018	17,000,000.00	17,516,596.00	17,208,638.13	3.080	2.775	AA+ Aaa	07/24/2023
3133EJUS6	17607	FEDERAL FARM CREDIT BANK		12/20/2018	2,910,000.00	2,973,857.04	2,921,789.36	2.875	2.774	AA+ Aaa	07/17/2023
3133EJ4G1	17610	FEDERAL FARM CREDIT BANK		12/28/2018	65,000,000.00	66,155,310.00	64,955,101.78	2.770	2.787	AA+ Aaa	07/28/2023
3133EJUS6	17615	FEDERAL FARM CREDIT BANK		01/18/2019	20,000,000.00	20,438,880.00	20,159,157.44	2.875	2.679	AA+ Aaa	07/17/2023
3133EJ5W5	17618	FEDERAL FARM CREDIT BANK		02/26/2019	2,945,000.00	2,984,309.86	2,960,614.19	2.650	2.583	AA+ Aaa	10/23/2023
3133EKBW5	17620	FEDERAL FARM CREDIT BANK		02/28/2019	20,000,000.00	20,242,500.00	20,019,551.75	2.610	2.590	AA+ Aaa	02/27/2024
3133EKBW5	17622	FEDERAL FARM CREDIT BANK		03/01/2019	20,000,000.00	20,242,500.00	19,990,067.26	2.610	2.627	AA+ Aaa	02/27/2024
313379EE5	17250	FEDERAL HOME LOAN BANK		06/18/2014	5,000,000.00	4,992,100.00	4,997,752.28	1.625	1.858	AA+ Aaa	06/14/2019
3130A2FH4	17256	FEDERAL HOME LOAN BANK		09/02/2014	20,000,000.00	19,973,540.00	20,000,339.14	1.750	1.741	AA+ Aaa	06/14/2019
313379EE5	17259	FEDERAL HOME LOAN BANK		09/10/2014	10,000,000.00	9,984,200.00	9,995,685.59	1.625	1.848	AA+ Aaa	06/14/2019
3130A2FH4	17260	FEDERAL HOME LOAN BANK		09/10/2014	10,000,000.00	9,986,770.00	9,998,121.34	1.750	1.847	AA+ Aaa	06/14/2019
3133X72S2	17272	FEDERAL HOME LOAN BANK		12/09/2014	10,000,000.00	10,035,480.00	10,043,007.52	5.375	1.706	AA+ Aaa	05/15/2019
3133X72S2	17279	FEDERAL HOME LOAN BANK		12/19/2014	20,500,000.00	20,572,734.00	20,588,998.85	5.375	1.675	AA+ Aaa	05/15/2019
313383HU8	17315	FEDERAL HOME LOAN BANK		06/12/2015	20,000,000.00	19,837,700.00	19,999,770.13	1.750	1.751	AA+ Aaa	06/12/2020
313383HU8	17317	FEDERAL HOME LOAN BANK		06/26/2015	12,615,000.00	12,512,629.28	12,604,064.98	1.750	1.826	AA+ Aaa	06/12/2020

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<b>Federal Agency Coupons</b>											
3130A7CV5	17363	FEDERAL HOME LOAN BANK		03/03/2016	5,000,000.00	4,912,335.00	4,986,370.87	1.375	1.526	AA+ Aaa	02/18/2021
313376XN0	17364	FEDERAL HOME LOAN BANK		03/03/2016	820,000.00	815,941.82	827,949.89	2.100	1.554	AA+ Aaa	02/08/2021
3130A7CV5	17371	FEDERAL HOME LOAN BANK		04/21/2016	10,000,000.00	9,824,670.00	9,994,894.24	1.375	1.403	AA+ Aaa	02/18/2021
313381CA1	17372	FEDERAL HOME LOAN BANK		04/21/2016	5,000,000.00	4,923,440.00	5,000,482.16	1.375	1.369	AA+ Aaa	12/11/2020
3130A7CV5	17376	FEDERAL HOME LOAN BANK		05/20/2016	5,000,000.00	4,912,335.00	4,991,656.41	1.375	1.467	AA+ Aaa	02/18/2021
3130A7CV5	17379	FEDERAL HOME LOAN BANK		05/25/2016	10,000,000.00	9,824,670.00	9,978,986.37	1.375	1.491	AA+ Aaa	02/18/2021
3130A1W95	17386	FEDERAL HOME LOAN BANK		07/15/2016	30,000,000.00	29,943,210.00	30,636,544.96	2.250	1.250	AA+ Aaa	06/11/2021
3130A7CV5	17388	FEDERAL HOME LOAN BANK		08/08/2016	10,000,000.00	9,824,670.00	10,036,699.21	1.375	1.174	AA+ Aaa	02/18/2021
3130A8QS5	17389	FEDERAL HOME LOAN BANK		08/08/2016	15,000,000.00	14,604,930.00	14,960,518.24	1.125	1.244	AA+ Aaa	07/14/2021
313379RB7	17392	FEDERAL HOME LOAN BANK		08/17/2016	10,000,000.00	9,896,250.00	10,120,388.89	1.875	1.307	AA+ Aaa	06/11/2021
3130A8QS5	17399	FEDERAL HOME LOAN BANK		08/29/2016	3,955,000.00	3,850,833.21	3,938,085.31	1.125	1.319	AA+ Aaa	07/14/2021
3130A8QS5	17400	FEDERAL HOME LOAN BANK		09/13/2016	15,000,000.00	14,604,930.00	14,931,772.78	1.125	1.331	AA+ Aaa	07/14/2021
3130A8QS5	17403	FEDERAL HOME LOAN BANK		09/28/2016	10,000,000.00	9,736,620.00	9,974,532.39	1.125	1.240	AA+ Aaa	07/14/2021
3133752P1	17405	FEDERAL HOME LOAN BANK		10/05/2016	5,700,000.00	5,850,736.50	5,976,348.62	3.500	1.342	AA+ Aaa	07/29/2021
3130A8QS5	17408	FEDERAL HOME LOAN BANK		10/13/2016	10,000,000.00	9,736,620.00	9,934,915.18	1.125	1.420	AA+ Aaa	07/14/2021
3130A8QS5	17414	FEDERAL HOME LOAN BANK		11/14/2016	10,000,000.00	9,736,620.00	9,910,944.54	1.125	1.530	AA+ Aaa	07/14/2021
3130A1W95	17420	FEDERAL HOME LOAN BANK		11/29/2016	18,470,000.00	18,435,036.29	18,629,055.90	2.250	1.839	AA+ Aaa	06/11/2021
3130A7CV5	17457	FEDERAL HOME LOAN BANK		03/20/2017	20,000,000.00	19,649,340.00	19,823,364.55	1.375	1.864	AA+ Aaa	02/18/2021
3130AAX45	17460	FEDERAL HOME LOAN BANK		03/28/2017	15,000,000.00	14,862,975.00	15,028,219.86	1.875	1.768	AA+ Aaa	01/28/2021
3130A8QS5	17464	FEDERAL HOME LOAN BANK		04/06/2017	20,000,000.00	19,473,240.00	19,701,136.17	1.125	1.807	AA+ Aaa	07/14/2021
3130AB3M6	17465	FEDERAL HOME LOAN BANK		04/10/2017	5,000,000.00	4,953,915.00	5,002,395.07	1.875	1.853	AA+ Aaa	06/30/2021
313379RB7	17466	FEDERAL HOME LOAN BANK		04/11/2017	15,000,000.00	14,844,375.00	15,009,085.00	1.875	1.846	AA+ Aaa	06/11/2021
313379Q69	17485	FEDERAL HOME LOAN BANK		06/28/2017	5,000,000.00	4,974,330.00	5,035,301.77	2.125	1.892	AA+ Aaa	06/10/2022
313379Q69	17486	FEDERAL HOME LOAN BANK		06/28/2017	5,000,000.00	4,974,330.00	5,035,334.01	2.125	1.892	AA+ Aaa	06/10/2022
313379Q69	17487	FEDERAL HOME LOAN BANK		06/28/2017	3,820,000.00	3,800,388.12	3,847,450.85	2.125	1.888	AA+ Aaa	06/10/2022
313379Q69	17488	FEDERAL HOME LOAN BANK		07/07/2017	13,470,000.00	13,400,845.02	13,519,669.66	2.125	2.003	AA+ Aaa	06/10/2022
3130AC5A8	17494	FEDERAL HOME LOAN BANK		09/19/2017	10,000,000.00	9,857,490.00	9,985,055.29	1.850	1.896	AA+ Aaa	08/15/2022
3130AC5A8	17496	FEDERAL HOME LOAN BANK		09/27/2017	9,280,000.00	9,147,750.72	9,257,416.89	1.850	1.926	AA+ Aaa	08/15/2022
313379Q69	17498	FEDERAL HOME LOAN BANK		09/27/2017	20,000,000.00	19,897,320.00	20,148,901.71	2.125	1.880	AA+ Aaa	06/10/2022
3130ACKC7	17500	FEDERAL HOME LOAN BANK		10/18/2017	50,000,000.00	49,460,750.00	50,000,000.00	1.950	1.950	AA+ Aaa	07/18/2022
3130ACM27	17502	FEDERAL HOME LOAN BANK		10/12/2017	15,000,000.00	14,839,155.00	14,989,435.93	1.950	1.973	AA+ Aaa	07/11/2022
3130ACM27	17509	FEDERAL HOME LOAN BANK		10/19/2017	4,455,000.00	4,407,229.04	4,447,432.78	1.950	2.005	AA+ Aaa	07/11/2022
3130ACUV4	17512	FEDERAL HOME LOAN BANK		11/30/2017	50,000,000.00	49,647,000.00	50,000,000.00	2.070	2.070	AA+ Aaa	07/29/2022
3130ACUZ5	17513	FEDERAL HOME LOAN BANK		11/24/2017	23,000,000.00	22,839,483.00	22,984,879.35	2.060	2.082	AA+ Aaa	05/24/2022
3130ACYP3	17515	FEDERAL HOME LOAN BANK		12/05/2017	20,000,000.00	19,878,120.00	19,987,009.95	2.100	2.121	AA+ Aaa	07/27/2022
313379Q69	17516	FEDERAL HOME LOAN BANK		12/01/2017	2,000,000.00	1,989,732.00	1,999,511.90	2.125	2.133	AA+ Aaa	06/10/2022



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<b>Federal Agency Coupons</b>											
3130ACUV4	17517	FEDERAL HOME LOAN BANK		12/06/2017	8,890,000.00	8,827,236.60	8,863,594.07	2.070	2.165	AA+ Aaa	07/29/2022
313379Q69	17527	FEDERAL HOME LOAN BANK		12/20/2017	1,900,000.00	1,890,245.40	1,894,098.85	2.125	2.228	AA+ Aaa	06/10/2022
3130A5P45	17528	FEDERAL HOME LOAN BANK		12/20/2017	1,925,000.00	1,929,824.05	1,933,562.93	2.375	2.228	AA+ Aaa	06/10/2022
3130ACXH2	17567	FEDERAL HOME LOAN BANK		12/04/2017	25,000,000.00	24,795,150.00	24,940,818.72	2.020	2.099	AA+ Aaa	05/25/2022
3130AEEW6	17572	FEDERAL HOME LOAN BANK		06/07/2018	21,150,000.00	21,538,948.50	21,042,033.63	2.760	2.893	AA+ Aaa	05/30/2023
3130AEAP5	17576	FEDERAL HOME LOAN BANK		05/30/2018	50,000,000.00	51,146,600.00	49,978,805.81	2.875	2.886	AA+ Aaa	05/30/2023
3130AFBD8	17608	FEDERAL HOME LOAN BANK		12/20/2018	12,500,000.00	12,923,700.00	12,676,914.21	3.125	2.774	AA+ Aaa	07/25/2023
3130A0F70	17613	FEDERAL HOME LOAN BANK		01/18/2019	10,000,000.00	10,454,830.00	10,318,538.86	3.375	2.730	AA+ Aaa	12/08/2023
3130AFQL4	17614	FEDERAL HOME LOAN BANK		01/18/2019	10,000,000.00	10,147,890.00	9,977,275.40	2.640	2.699	AA+ Aaa	10/27/2023
3130AFQL4	17619	FEDERAL HOME LOAN BANK		02/26/2019	4,905,000.00	4,977,540.05	4,931,754.88	2.640	2.583	AA+ Aaa	10/27/2023
3130AFRW9	17621	FEDERAL HOME LOAN BANK		02/28/2019	20,000,000.00	20,360,180.00	20,104,252.19	2.700	2.574	AA+ Aaa	08/28/2023
3130AFRW9	17623	FEDERAL HOME LOAN BANK		03/01/2019	20,000,000.00	20,360,180.00	20,082,525.05	2.700	2.606	AA+ Aaa	08/28/2023
3137EADK2	17275	FEDERAL HOME MORTGAGE CO		12/11/2014	15,000,000.00	14,939,700.00	14,981,101.08	1.250	1.644	AA+ Aaa	08/01/2019
3137EADK2	17276	FEDERAL HOME MORTGAGE CO		12/11/2014	20,000,000.00	19,919,600.00	19,975,051.50	1.250	1.640	AA+ Aaa	08/01/2019
3137EADM8	17280	FEDERAL HOME MORTGAGE CO		12/19/2014	20,000,000.00	19,878,600.00	19,951,950.44	1.250	1.750	AA+ Aaa	10/02/2019
3137EADM8	17281	FEDERAL HOME MORTGAGE CO		12/19/2014	20,000,000.00	19,878,600.00	19,952,139.52	1.250	1.748	AA+ Aaa	10/02/2019
3137EADM8	17282	FEDERAL HOME MORTGAGE CO		12/19/2014	10,000,000.00	9,939,300.00	9,976,069.76	1.250	1.748	AA+ Aaa	10/02/2019
3137EADR7	17303	FEDERAL HOME MORTGAGE CO		05/06/2015	10,000,000.00	9,886,690.00	9,973,340.95	1.375	1.632	AA+ Aaa	05/01/2020
3137EADR7	17309	FEDERAL HOME MORTGAGE CO		05/08/2015	10,000,000.00	9,886,690.00	9,971,819.07	1.375	1.647	AA+ Aaa	05/01/2020
3134G44G0	17328	FEDERAL HOME MORTGAGE CO		10/29/2015	5,000,000.00	4,949,340.00	4,998,677.45	1.500	1.524	AA+ Aaa	05/22/2020
3137EAEB1	17391	FEDERAL HOME MORTGAGE CO		08/11/2016	10,000,000.00	9,952,340.00	9,998,223.82	0.875	0.935	AA+ Aaa	07/19/2019
3137EAEC9	17393	FEDERAL HOME MORTGAGE CO		08/17/2016	10,000,000.00	9,728,250.00	9,954,961.00	1.125	1.322	AA+ Aaa	08/12/2021
3134G9M79	17463	FEDERAL HOME MORTGAGE CO		04/06/2017	4,410,000.00	4,366,482.12	4,409,290.54	1.875	1.882	AA+ Aaa	07/26/2021
3134G9N86	17476	FEDERAL HOME MORTGAGE CO		05/11/2017	6,170,000.00	6,109,058.91	6,166,597.55	1.875	1.900	AA+ Aaa	07/27/2021
3135G0ZE6	17251	FEDERAL NATIONAL MORTGAGE		06/18/2014	5,000,000.00	4,992,020.00	4,998,895.23	1.750	1.856	AA+ Aaa	06/20/2019
3135G0ZE6	17269	FEDERAL NATIONAL MORTGAGE		10/01/2014	30,000,000.00	29,952,120.00	29,993,904.12	1.750	1.847	AA+ Aaa	06/20/2019
3135G0ZE6	17277	FEDERAL NATIONAL MORTGAGE		12/11/2014	10,000,000.00	9,984,040.00	10,003,161.94	1.750	1.600	AA+ Aaa	06/20/2019
3135G0ZE6	17278	FEDERAL NATIONAL MORTGAGE		12/19/2014	26,000,000.00	25,958,504.00	26,004,927.83	1.750	1.660	AA+ Aaa	06/20/2019
3135G0A78	17299	FEDERAL NATIONAL MORTGAGE		03/04/2015	20,000,000.00	19,871,040.00	19,988,116.11	1.625	1.702	AA+ Aaa	01/21/2020
3135G0A78	17307	FEDERAL NATIONAL MORTGAGE		05/08/2015	10,000,000.00	9,935,520.00	10,000,205.55	1.625	1.622	AA+ Aaa	01/21/2020
3135G0A78	17308	FEDERAL NATIONAL MORTGAGE		05/08/2015	10,000,000.00	9,935,520.00	10,000,371.71	1.625	1.620	AA+ Aaa	01/21/2020
3135G0A78	17312	FEDERAL NATIONAL MORTGAGE		06/03/2015	15,000,000.00	14,903,280.00	14,998,823.83	1.625	1.635	AA+ Aaa	01/21/2020
3135G0D75	17327	FEDERAL NATIONAL MORTGAGE		10/29/2015	20,000,000.00	19,784,760.00	19,991,723.01	1.500	1.535	AA+ Aaa	06/22/2020
3135G0A78	17329	FEDERAL NATIONAL MORTGAGE		10/29/2015	10,000,000.00	9,935,520.00	10,014,233.25	1.625	1.442	AA+ Aaa	01/21/2020
3135G0RM7	17330	FEDERAL NATIONAL MORTGAGE		10/30/2015	10,060,000.00	9,946,935.66	10,068,204.60	1.630	1.576	AA+ Aaa	10/30/2020
3135G0D75	17331	FEDERAL NATIONAL MORTGAGE		10/30/2015	5,950,000.00	5,885,966.10	5,945,150.71	1.500	1.569	AA+ Aaa	06/22/2020

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<b>Federal Agency Coupons</b>											
3135G0A78	17332	FEDERAL NATIONAL MORTGAGE		11/04/2015	10,000,000.00	9,935,520.00	10,007,837.84	1.625	1.524	AA+ Aaa	01/21/2020
3135G0D75	17333	FEDERAL NATIONAL MORTGAGE		11/04/2015	5,000,000.00	4,946,190.00	4,992,583.90	1.500	1.626	AA+ Aaa	06/22/2020
3135G0D75	17334	FEDERAL NATIONAL MORTGAGE		11/04/2015	5,000,000.00	4,946,190.00	4,992,531.03	1.500	1.627	AA+ Aaa	06/22/2020
3135G0A78	17335	FEDERAL NATIONAL MORTGAGE		11/06/2015	10,000,000.00	9,935,520.00	10,002,779.41	1.625	1.589	AA+ Aaa	01/21/2020
3135G0D75	17336	FEDERAL NATIONAL MORTGAGE		11/06/2015	5,000,000.00	4,946,190.00	4,989,504.41	1.500	1.679	AA+ Aaa	06/22/2020
3135G0D75	17338	FEDERAL NATIONAL MORTGAGE		12/17/2015	30,000,000.00	29,677,140.00	29,903,628.61	1.500	1.774	AA+ Aaa	06/22/2020
3135G0D75	17339	FEDERAL NATIONAL MORTGAGE		12/17/2015	20,000,000.00	19,784,760.00	19,931,301.70	1.500	1.793	AA+ Aaa	06/22/2020
3135G0D75	17340	FEDERAL NATIONAL MORTGAGE		12/22/2015	10,000,000.00	9,892,380.00	9,976,273.11	1.500	1.702	AA+ Aaa	06/22/2020
3135G0A78	17341	FEDERAL NATIONAL MORTGAGE		12/22/2015	20,000,000.00	19,871,040.00	20,001,689.86	1.625	1.614	AA+ Aaa	01/21/2020
3135G0A78	17342	FEDERAL NATIONAL MORTGAGE		12/23/2015	10,000,000.00	9,935,520.00	10,000,533.38	1.625	1.618	AA+ Aaa	01/21/2020
3135G0D75	17343	FEDERAL NATIONAL MORTGAGE		12/23/2015	10,000,000.00	9,892,380.00	9,974,395.31	1.500	1.718	AA+ Aaa	06/22/2020
3135G0A78	17344	FEDERAL NATIONAL MORTGAGE		12/23/2015	20,000,000.00	19,871,040.00	20,000,758.58	1.625	1.620	AA+ Aaa	01/21/2020
3135G0H55	17374	FEDERAL NATIONAL MORTGAGE		05/20/2016	10,000,000.00	9,926,650.00	10,076,934.19	1.875	1.417	AA+ Aaa	12/28/2020
3135G0K69	17380	FEDERAL NATIONAL MORTGAGE		05/25/2016	10,000,000.00	9,784,130.00	9,945,047.36	1.250	1.523	AA+ Aaa	05/06/2021
3135G0N82	17396	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,755,440.00	9,989,994.18	1.250	1.294	AA+ Aaa	08/17/2021
3135G0N82	17397	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,755,440.00	9,979,940.49	1.250	1.337	AA+ Aaa	08/17/2021
3135G0N82	17398	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,755,440.00	9,975,296.64	1.250	1.358	AA+ Aaa	08/17/2021
3135G0K69	17402	FEDERAL NATIONAL MORTGAGE		09/28/2016	25,000,000.00	24,460,325.00	25,007,590.87	1.250	1.235	AA+ Aaa	05/06/2021
3135G0Q89	17406	FEDERAL NATIONAL MORTGAGE		10/07/2016	20,000,000.00	19,558,060.00	19,983,490.67	1.375	1.409	AA+ Aaa	10/07/2021
3135G0Q89	17407	FEDERAL NATIONAL MORTGAGE		10/13/2016	10,000,000.00	9,779,030.00	9,970,204.01	1.375	1.498	AA+ Aaa	10/07/2021
3135G0Q89	17409	FEDERAL NATIONAL MORTGAGE		10/27/2016	5,000,000.00	4,889,515.00	4,990,685.51	1.375	1.452	AA+ Aaa	10/07/2021
3135G0K69	17412	FEDERAL NATIONAL MORTGAGE		11/02/2016	10,000,000.00	9,784,130.00	9,973,649.38	1.250	1.380	AA+ Aaa	05/06/2021
3135G0K69	17413	FEDERAL NATIONAL MORTGAGE		11/14/2016	8,000,000.00	7,827,304.00	7,955,374.44	1.250	1.526	AA+ Aaa	05/06/2021
3135G0K69	17421	FEDERAL NATIONAL MORTGAGE		12/02/2016	25,000,000.00	24,460,325.00	24,669,159.97	1.250	1.911	AA+ Aaa	05/06/2021
3135G0S38	17440	FEDERAL NATIONAL MORTGAGE		01/09/2017	20,000,000.00	19,844,860.00	19,974,928.62	2.000	2.048	AA+ Aaa	01/05/2022
3135G0S38	17441	FEDERAL NATIONAL MORTGAGE		01/09/2017	10,000,000.00	9,922,430.00	9,986,946.28	2.000	2.050	AA+ Aaa	01/05/2022
3135G0S38	17459	FEDERAL NATIONAL MORTGAGE		03/28/2017	10,000,000.00	9,922,430.00	10,003,878.74	2.000	1.985	AA+ Aaa	01/05/2022
3136G2CS4	17461	FEDERAL NATIONAL MORTGAGE		03/28/2017	5,000,000.00	4,954,735.00	5,001,976.56	2.000	1.985	AA+ Aaa	01/27/2022
3135G0S38	17480	FEDERAL NATIONAL MORTGAGE		06/02/2017	5,000,000.00	4,961,215.00	5,022,128.11	2.000	1.832	AA+ Aaa	01/05/2022
3135G0S38	17481	FEDERAL NATIONAL MORTGAGE		06/12/2017	5,000,000.00	4,961,215.00	5,022,006.06	2.000	1.833	AA+ Aaa	01/05/2022
3135G0T78	17501	FEDERAL NATIONAL MORTGAGE		10/10/2017	20,000,000.00	19,811,400.00	19,984,620.75	2.000	2.023	AA+ Aaa	10/05/2022
3135G0T78	17503	FEDERAL NATIONAL MORTGAGE		10/12/2017	15,000,000.00	14,858,550.00	14,986,993.42	2.000	2.026	AA+ Aaa	10/05/2022
3135G0T78	17531	FEDERAL NATIONAL MORTGAGE		01/11/2018	5,000,000.00	4,952,850.00	4,937,371.17	2.000	2.379	AA+ Aaa	10/05/2022
3135G0T94	17533	FEDERAL NATIONAL MORTGAGE		01/23/2018	50,000,000.00	50,134,650.00	49,772,825.17	2.375	2.503	AA+ Aaa	01/19/2023
3135G0U43	17631	FEDERAL NATIONAL MORTGAGE		03/27/2019	20,000,000.00	20,468,060.00	20,554,333.22	2.875	2.245	AA+ Aaa	09/12/2023
<b>Subtotal and Average</b>			<b>1,956,938,333.48</b>		<b>1,974,209,000.00</b>	<b>1,967,591,133.93</b>	<b>1,974,165,962.38</b>		<b>1.979</b>		

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	S&P Moody's	Maturity Date
<b>Medium Term Notes</b>											
037833BD1	17348	APPLE INC		12/28/2015	10,000,000.00	9,952,110.00	9,999,042.73	2.000	2.009	AA+	Aa1 05/06/2020
037833CC2	17425	APPLE INC		12/13/2016	5,000,000.00	4,895,765.00	4,925,184.38	1.550	2.226	AA+	Aa1 08/04/2021
037833BS8	17443	APPLE INC		01/19/2017	10,000,000.00	9,964,030.00	10,000,000.00	2.250	2.250	AA+	Aa1 02/23/2021
037833CM0	17448	APPLE INC		02/21/2017	15,000,000.00	14,981,655.00	14,978,784.56	2.500	2.553	AA+	Aa1 02/09/2022
037833AY6	17470	APPLE INC		04/18/2017	10,000,000.00	9,900,390.00	9,987,785.57	2.150	2.195	AA+	Aa1 02/09/2022
037833CQ1	17475	APPLE INC		05/11/2017	20,000,000.00	19,869,840.00	19,970,133.33	2.300	2.351	AA+	Aa1 05/11/2022
037833BU3	17540	APPLE INC		03/01/2018	10,000,000.00	10,091,450.00	9,923,328.13	2.850	3.064	AA+	Aa1 02/23/2023
037833DE7	17541	APPLE INC		03/01/2018	2,500,000.00	2,481,325.00	2,442,286.03	2.400	3.060	AA+	Aa1 01/13/2023
037833AK6	17563	APPLE INC		05/03/2018	5,000,000.00	4,951,740.00	4,835,463.11	2.400	3.279	AA+	Aa1 05/03/2023
037833AK6	17564	APPLE INC		05/03/2018	5,000,000.00	4,951,740.00	4,835,299.56	2.400	3.280	AA+	Aa1 05/03/2023
037833AK6	17581	APPLE INC		06/22/2018	10,000,000.00	9,903,480.00	9,682,229.58	2.400	3.246	AA+	Aa1 05/03/2023
084670BL1	17264	BERKSHIRE HATHAWAY		10/01/2014	10,000,000.00	9,978,890.00	9,997,374.90	2.100	2.175	AA	Aa2 08/14/2019
084670BF4	17520	BERKSHIRE HATHAWAY		12/14/2017	15,000,000.00	15,405,150.00	15,420,183.21	3.400	2.355	AA	Aa2 01/31/2022
06406HCU1	17261	BANK OF NEW YORK		09/16/2014	2,500,000.00	2,498,340.00	2,499,946.93	2.200	2.218	A	A1 05/15/2019
06406HCU1	17262	BANK OF NEW YORK		09/16/2014	5,000,000.00	4,996,680.00	4,999,968.55	2.200	2.205	A	A1 05/15/2019
06406HCW7	17266	BANK OF NEW YORK		10/01/2014	8,501,000.00	8,488,265.50	8,497,026.50	2.300	2.412	A	A1 09/11/2019
06406HCZ0	17297	BANK OF NEW YORK		03/04/2015	3,000,000.00	2,986,677.00	3,001,629.44	2.150	2.086	A	A1 02/24/2020
06406HDD8	17347	BANK OF NEW YORK		12/28/2015	5,000,000.00	4,999,440.00	5,011,515.88	2.600	2.422	A	A1 08/17/2020
06406HBP3	17350	BANK OF NEW YORK		12/28/2015	5,000,000.00	5,073,515.00	5,086,892.89	4.600	2.281	A	A1 01/15/2020
06406RAA5	17469	BANK OF NEW YORK		04/18/2017	10,000,000.00	9,994,260.00	10,047,276.70	2.600	2.423	A	A1 02/07/2022
06406FAB9	17490	BANK OF NEW YORK		07/18/2017	7,500,000.00	7,402,792.50	7,463,970.11	2.050	2.291	A	A1 05/03/2021
14912L6J5	17360	CATERPILLAR		03/04/2016	8,278,000.00	8,229,639.92	8,271,766.13	2.000	2.085	A	A3 03/05/2020
14912L6U0	17401	CATERPILLAR		09/16/2016	15,294,000.00	14,991,607.03	15,213,521.12	1.700	1.935	A	A3 08/09/2021
166764AY6	17346	CHEVRON CORP		12/28/2015	10,000,000.00	9,980,420.00	9,992,037.86	2.419	2.471	AA	Aa2 11/17/2020
166764BH2	17378	CHEVRON CORP		05/25/2016	20,000,000.00	19,971,320.00	19,997,495.80	1.561	1.664	AA	Aa2 05/16/2019
166764BH2	17381	CHEVRON CORP		05/27/2016	10,000,000.00	9,985,660.00	9,998,749.77	1.561	1.664	AA	Aa2 05/16/2019
166764BG4	17471	CHEVRON CORP		04/25/2017	20,000,000.00	19,856,520.00	19,995,078.03	2.100	2.112	AA	Aa2 05/16/2021
166764BK5	17571	CHEVRON CORP		06/08/2018	10,000,000.00	10,013,910.00	9,717,975.28	2.566	3.313	AA	Aa2 05/16/2023
166764BK5	17579	CHEVRON CORP		06/22/2018	5,000,000.00	5,006,955.00	4,868,180.99	2.566	3.262	AA	Aa2 05/16/2023
166764BK5	17585	CHEVRON CORP		07/25/2018	6,288,000.00	6,296,746.61	6,116,890.12	2.566	3.284	AA	Aa2 05/16/2023
166764BK5	17626	CHEVRON CORP		03/04/2019	7,966,000.00	7,977,080.71	7,933,046.08	2.566	2.872	AA	Aa2 05/16/2023
36962G7M0	17296	G.E. CAPITAL		03/04/2015	10,350,000.00	10,283,366.70	10,367,115.40	2.200	1.974	BBB+	Baa1 01/09/2020
36962G5J9	17511	G.E. CAPITAL		11/16/2017	10,000,000.00	10,363,620.00	10,533,630.05	4.650	2.438	BBB+	Baa1 10/17/2021
24422ERY7	17349	JOHN DEERE		12/28/2015	9,000,000.00	8,928,954.00	8,960,984.60	1.700	2.278	A	A2 01/15/2020
24422ETF6	17362	JOHN DEERE		03/04/2016	5,000,000.00	4,994,750.00	5,033,411.45	2.550	2.150	A	A2 01/08/2021
24422ERH4	17427	JOHN DEERE		12/13/2016	8,707,000.00	8,808,715.17	8,857,712.37	3.150	2.423	A	A2 10/15/2021

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<b>Medium Term Notes</b>											
46625HHL7	17252	JP MORGAN		07/23/2014	6,740,000.00	6,753,075.60	6,755,506.36	6.300	2.303	A-	A2 04/23/2019
46625HKA7	17295	JP MORGAN		03/04/2015	10,000,000.00	9,963,520.00	9,992,662.65	2.250	2.346	A-	A2 01/23/2020
46625HNX4	17361	JP MORGAN		03/04/2016	6,181,000.00	6,164,558.54	6,182,970.24	2.550	2.528	A-	A2 10/29/2020
46625HJH4	17559	JP MORGAN		04/26/2018	10,000,000.00	10,137,490.00	9,876,428.44	3.200	3.554	A-	A2 01/25/2023
46632FPH2	17590	JP MORGAN		08/14/2018	30,000,000.00	29,352,000.00	30,000,000.00	3.450	3.450	A+	Aa2 07/14/2023
46632FPT6	17627	JP MORGAN		03/06/2019	30,000,000.00	29,970,000.00	30,000,000.00	3.050	3.050	A+	Aa2 01/26/2024
594918BP8	17394	MICROSOFT		08/22/2016	15,000,000.00	14,641,695.00	14,995,233.85	1.550	1.564	AAA	Aaa 08/08/2021
594918BP8	17424	MICROSOFT		12/13/2016	5,000,000.00	4,880,565.00	4,929,205.97	1.550	2.186	AAA	Aaa 08/08/2021
594918BW3	17449	MICROSOFT		02/21/2017	6,725,000.00	6,715,376.53	6,721,748.45	2.400	2.418	AAA	Aaa 02/06/2022
594918BA1	17450	MICROSOFT		02/21/2017	6,450,000.00	6,452,283.30	6,442,544.33	2.375	2.418	AAA	Aaa 02/12/2022
594918BW3	17525	MICROSOFT		12/21/2017	17,375,000.00	17,350,136.38	17,375,000.00	2.400	2.400	AAA	Aaa 02/06/2022
594918AT1	17580	MICROSOFT		06/22/2018	10,000,000.00	9,952,130.00	9,703,966.04	2.375	3.162	AAA	Aaa 05/01/2023
594918BQ6	17616	MICROSOFT		02/07/2019	2,880,000.00	2,812,864.32	2,794,445.86	2.000	2.730	AAA	Aaa 08/08/2023
594918BQ6	17617	MICROSOFT		02/11/2019	20,000,000.00	19,533,780.00	19,436,228.57	2.000	2.696	AAA	Aaa 08/08/2023
594918BQ6	17624	MICROSOFT		03/04/2019	10,000,000.00	9,766,890.00	9,715,003.91	2.000	2.735	AAA	Aaa 08/08/2023
594918BQ6	17625	MICROSOFT		03/04/2019	5,000,000.00	4,883,445.00	4,857,678.91	2.000	2.734	AAA	Aaa 08/08/2023
594918BX1	17629	MICROSOFT		03/07/2019	10,000,000.00	10,110,110.00	10,024,756.94	2.875	2.875	AAA	Aaa 02/06/2024
89236TBP9	17265	TOYOTA MOTOR CREDIT		10/01/2014	10,000,000.00	9,985,910.00	9,997,936.83	2.125	2.198	AA-	Aa3 07/18/2019
89233P7F7	17538	TOYOTA MOTOR CREDIT		03/01/2018	5,000,000.00	4,989,730.00	4,925,258.89	2.625	3.054	AA-	Aa3 01/10/2023
89236TEL5	17539	TOYOTA MOTOR CREDIT		03/01/2018	5,000,000.00	5,009,190.00	4,938,279.31	2.700	3.054	AA-	Aa3 01/11/2023
89236TEL5	17542	TOYOTA MOTOR CREDIT		04/02/2018	20,000,000.00	20,036,760.00	19,697,303.08	2.700	3.134	AA-	Aa3 01/11/2023
89236TFS9	17612	TOYOTA MOTOR CREDIT		01/09/2019	12,250,000.00	12,582,232.25	12,186,134.44	3.350	3.472	AA-	Aa3 01/08/2024
89236TDK8	17628	TOYOTA MOTOR CREDIT		03/07/2019	3,000,000.00	2,941,122.00	2,923,324.73	2.250	3.063	AA-	Aa3 10/18/2023
91159HHL7	17395	US BANK NA		08/22/2016	5,000,000.00	4,980,030.00	5,058,665.83	2.350	1.681	A+	A1 01/29/2021
91159HHL7	17426	US BANK NA		12/13/2016	4,634,000.00	4,615,491.80	4,643,787.72	2.350	2.228	A+	A1 01/29/2021
91159HHL7	17431	US BANK NA		12/22/2016	5,000,000.00	4,980,030.00	4,994,522.61	2.350	2.413	A+	A1 01/29/2021
91159HHL7	17432	US BANK NA		12/22/2016	7,522,000.00	7,491,957.13	7,514,426.67	2.350	2.408	A+	A1 01/29/2021
91159HHL7	17458	US BANK NA		03/22/2017	10,000,000.00	9,960,060.00	10,004,222.21	2.350	2.325	A+	A1 01/29/2021
91159HHL7	17482	US BANK NA		06/27/2017	4,803,000.00	4,783,816.82	4,827,532.04	2.350	2.058	A+	A1 01/29/2021
91159HHP8	17483	US BANK NA		06/27/2017	20,000,000.00	20,021,960.00	20,189,560.78	2.625	2.268	A+	A1 01/24/2022
91159JAA4	17529	US BANK NA		12/21/2017	10,004,000.00	10,044,756.30	10,108,181.80	2.950	2.606	A-	A1 07/15/2022
90331HNL3	17534	US BANK NA		01/24/2018	10,000,000.00	10,023,490.00	9,985,891.05	2.850	2.890	AA-	A1 01/23/2023
90331HNL3	17537	US BANK NA		03/01/2018	5,000,000.00	5,011,745.00	4,950,181.29	2.850	3.134	AA-	A1 01/23/2023
90331HNL3	17556	US BANK NA		04/20/2018	10,000,000.00	10,023,490.00	9,889,479.11	2.850	3.164	AA-	A1 01/23/2023
90331HNV1	17586	US BANK NA		07/25/2018	10,000,000.00	10,244,840.00	9,988,950.31	3.400	3.428	AA-	A1 07/24/2023
90331HNV1	17587	US BANK NA		07/25/2018	1,500,000.00	1,536,726.00	1,497,403.75	3.400	3.444	AA-	A1 07/24/2023

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	S&P Moody's	Maturity Date
<b>Medium Term Notes</b>											
90331HNV1	17588	US BANK NA		07/25/2018	1,250,000.00	1,280,605.00	1,248,273.49	3.400	3.435	AA-	A1 07/24/2023
931142EK5	17604	WALMART		11/13/2018	10,000,000.00	10,296,300.00	9,956,349.97	3.400	3.512	AA	Aa2 06/26/2023
949746SA0	17445	WELLS FARGO		01/25/2017	10,000,000.00	9,841,990.00	9,843,559.84	2.100	2.823	A-	A2 07/26/2021
949746SA0	17467	WELLS FARGO		04/17/2017	5,000,000.00	4,920,995.00	4,959,633.53	2.100	2.469	A-	A2 07/26/2021
949746SA0	17477	WELLS FARGO		05/15/2017	13,232,000.00	13,022,921.17	13,123,194.60	2.100	2.475	A-	A2 07/26/2021
949746SA0	17491	WELLS FARGO		07/18/2017	12,275,000.00	12,081,042.73	12,187,722.46	2.100	2.424	A-	A2 07/26/2021
95000U2B8	17508	WELLS FARGO		10/20/2017	5,000,000.00	4,963,210.00	4,998,399.94	2.625	2.635	A-	A2 07/22/2022
94988J5R4	17591	WELLS FARGO		08/14/2018	10,000,000.00	10,260,330.00	9,985,755.61	3.550	3.586	A+	Aa2 08/14/2023
94988J5R4	17602	WELLS FARGO		11/13/2018	10,000,000.00	10,260,330.00	9,888,768.40	3.550	3.830	A+	Aa2 08/14/2023
<b>Subtotal and Average</b>			<b>758,113,006.02</b>		<b>766,705,000.00</b>	<b>765,087,781.01</b>	<b>763,778,997.95</b>		<b>2.613</b>		
<b>Treasury Notes</b>											
911759MW5	17630	US HOUSING AND URBAN DEVELOP		03/28/2019	3,500,000.00	3,500,000.00	3,500,000.00	2.618	2.618	AA+	Aaa 08/01/2023
912828ND8	17345	US TREASURY NOTE		12/23/2015	40,000,000.00	40,479,680.00	40,804,273.75	3.500	1.637	AA+	Aaa 05/15/2020
912828XE5	17416	US TREASURY NOTE		11/15/2016	15,000,000.00	14,844,135.00	15,015,829.83	1.500	1.407	AA+	Aaa 05/31/2020
912828XE5	17428	US TREASURY NOTE		12/13/2016	40,000,000.00	39,584,360.00	39,961,062.25	1.500	1.586	AA+	Aaa 05/31/2020
912828N48	17429	US TREASURY NOTE		12/16/2016	40,000,000.00	39,606,240.00	39,886,178.86	1.750	1.919	AA+	Aaa 12/31/2020
912828XM7	17433	US TREASURY NOTE		12/22/2016	40,000,000.00	39,598,440.00	39,938,755.22	1.625	1.744	AA+	Aaa 07/31/2020
912828WN6	17434	US TREASURY NOTE		12/28/2016	40,000,000.00	39,764,080.00	40,003,826.43	2.000	1.995	AA+	Aaa 05/31/2021
912828XM7	17435	US TREASURY NOTE		12/28/2016	40,000,000.00	39,598,440.00	39,928,027.27	1.625	1.765	AA+	Aaa 07/31/2020
912828L65	17436	US TREASURY NOTE		12/28/2016	30,000,000.00	29,564,070.00	29,807,156.52	1.375	1.820	AA+	Aaa 09/30/2020
912828XR6	17497	US TREASURY NOTE		09/27/2017	20,000,000.00	19,703,900.00	19,944,976.57	1.750	1.841	AA+	Aaa 05/31/2022
912828L24	17510	US TREASURY NOTE		10/23/2017	20,000,000.00	19,762,500.00	19,910,913.71	1.875	2.012	AA+	Aaa 08/31/2022
<b>Subtotal and Average</b>			<b>325,667,462.70</b>		<b>328,500,000.00</b>	<b>326,005,845.00</b>	<b>328,701,000.41</b>		<b>1.789</b>		
<b>Mutual Funds</b>											
09248U718	9267	BLACKROCK PROVIDENT TFUND		07/01/2018	0.00	0.00	0.00	1.720	1.720	AAA	Aaa
SYS16450	16450	BLACKROCK LIQUIDITY FED FUND		07/01/2018	0.00	0.00	0.00	1.730	1.730	AAA	Aaa
SYS02642	02642	FIDELITY 2642			110,000,000.00	110,000,000.00	110,000,000.00	2.370	2.370	AAA	Aaa
SYS05831	05831	FIDELITY 057		07/01/2018	0.00	0.00	0.00	0.070	0.070	AAA	Aaa
SYS15497	15497	FIDELITY 2644		07/01/2018	0.00	0.00	0.00	2.410	2.410	AAA	Aaa
<b>Subtotal and Average</b>			<b>94,193,548.39</b>		<b>110,000,000.00</b>	<b>110,000,000.00</b>	<b>110,000,000.00</b>		<b>2.370</b>		
<b>Local Agency Investment Funds</b>											
SYS05291	05291	LAIF			65,000,000.00	65,000,000.00	65,000,000.00	2.436	2.436		

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<b>Subtotal and Average</b>			<b>65,000,000.00</b>		<b>65,000,000.00</b>	<b>65,000,000.00</b>	<b>65,000,000.00</b>		<b>2.436</b>		
<b>Bank Money Market Accounts</b>											
SYS16800	16800	BANK OF THE WEST MM			400,698,082.19	400,698,082.19	400,698,082.19	2.600	2.600		
SYS16500	16500	UNION BANK MM		09/24/2018	50,133,250.00	50,133,250.00	50,133,250.00	2.340	2.340		
<b>Subtotal and Average</b>			<b>385,564,322.47</b>		<b>450,831,332.19</b>	<b>450,831,332.19</b>	<b>450,831,332.19</b>		<b>2.571</b>		
<b>Municipal Bonds</b>											
13063CKL3	17249	STATE OF CALIFORNIA		06/12/2014	10,000,000.00	9,998,200.00	10,000,910.74	2.250	2.134	AA-	Aa3 05/01/2019
13063DAD0	17472	STATE OF CALIFORNIA		04/27/2017	5,000,000.00	5,001,250.00	5,000,000.00	2.367	2.367	AA-	Aa3 04/01/2022
13063DAD0	17473	STATE OF CALIFORNIA		04/27/2017	10,500,000.00	10,502,625.00	10,534,902.14	2.367	2.249	AA-	Aa3 04/01/2022
13063DAD0	17474	STATE OF CALIFORNIA		05/03/2017	8,000,000.00	8,002,000.00	8,018,228.05	2.367	2.286	AA-	Aa3 04/01/2022
13063DDF2	17504	STATE OF CALIFORNIA		10/26/2017	10,000,000.00	10,041,000.00	10,098,883.38	2.500	2.200	AA-	Aa3 10/01/2022
13063DDF2	17505	STATE OF CALIFORNIA		10/26/2017	10,000,000.00	10,041,000.00	10,098,883.38	2.500	2.200	AA-	Aa3 10/01/2022
13063DDE5	17518	STATE OF CALIFORNIA		12/11/2017	25,000,000.00	24,971,000.00	25,090,089.11	2.300	2.051	AA-	Aa3 10/01/2020
13063DDF2	17519	STATE OF CALIFORNIA		12/14/2017	20,000,000.00	20,082,000.00	20,045,526.35	2.500	2.430	AA-	Aa3 10/01/2022
13063DDF2	17532	STATE OF CALIFORNIA		01/16/2018	5,000,000.00	5,020,500.00	4,987,771.68	2.500	2.574	AA-	Aa3 10/01/2022
<b>Subtotal and Average</b>			<b>103,881,225.47</b>		<b>103,500,000.00</b>	<b>103,659,575.00</b>	<b>103,875,194.83</b>		<b>2.240</b>		
<b>Total and Average</b>			<b>3,707,307,998.33</b>		<b>3,859,822,013.90</b>	<b>3,849,252,348.84</b>	<b>3,857,429,169.47</b>		<b>2.177</b>		

**County of Fresno  
Portfolio Management  
Portfolio Details - Cash  
March 31, 2019**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	S&P Moody's
Average Balance			0.00							
Total Cash and Investments			3,707,307,998.33		3,859,822,013.90	3,849,252,348.84	3,857,429,169.47		2.177	

**County of Fresno**  
**Inventory by Maturity Report**  
**March 31, 2019**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
SYS02642	02642	TREAS	LA1	FIDELITY 2642	07/01/2018	110,000,000.00	2.370		110,000,000.00	1	110,000,000.00	2.338	2.370	1
SYS03400A	03400A	TREAS	PA1	BANK OF THE WEST	07/01/2018	61,076,681.71	1.530		61,076,681.71	1	61,076,681.71	1.509	1.530	1
SYS03400B	03400B	TREAS	PA1	BANK OF AMERICA	07/01/2018	0.00	0.220		0.00	1	0.00	0.217	0.220	1
SYS05291	05291	TREAS	LA5	LAIF	07/01/2018	65,000,000.00	2.436		65,000,000.00	1	65,000,000.00	2.403	2.436	1
SYS05831	05831	TREAS	LA1	FIDELITY 057	07/01/2018	0.00	0.070		0.00	1	0.00	0.069	0.070	1
SYS15497	15497	TREAS	LA1	FIDELITY 2644	07/01/2018	0.00	2.410		0.00	1	0.00	2.377	2.410	1
SYS16450	16450	TREAS	LA1	BLACKROCK LIQUIDITY	07/01/2018	0.00	1.730		0.00	1	0.00	1.706	1.730	1
SYS16500	16500	TREAS	LA3	UNION BANK MM	09/24/2018	50,133,250.00	2.340		50,133,250.00	1	50,133,250.00	2.308	2.340	1
SYS16800	16800	TREAS	LA3	BANK OF THE WEST MM	07/01/2018	400,698,082.19	2.600		400,698,082.19	1	400,698,082.19	2.564	2.600	1
09248U718	9267	TREAS	LA1	BLACKROCK PROVIDENT	07/01/2018	0.00	1.720		0.00	1	0.00	1.696	1.720	1
46625HHL7	17252	TREAS	MTN	JP MORGAN	07/23/2014	6,755,506.36	6.300	04/23/2019	6,740,000.00	1,735	6,740,000.00	2.271	2.303	22
13063CKL3	17249	TREAS	MUN	STATE OF CALIFORNIA	06/12/2014	10,000,910.74	2.250	05/01/2019	10,000,000.00	1,784	10,000,000.00	2.105	2.134	30
3133EDLR1	17248	TREAS	FAC	FEDERAL FARM CREDIT	05/27/2014	5,000,191.95	1.650	05/15/2019	5,000,000.00	1,814	5,000,000.00	1.595	1.617	44
06406HCU1	17261	TREAS	MTN	BANK OF NEW YORK	09/16/2014	2,499,946.93	2.200	05/15/2019	2,500,000.00	1,702	2,500,000.00	2.188	2.218	44
06406HCU1	17262	TREAS	MTN	BANK OF NEW YORK	09/16/2014	4,999,968.55	2.200	05/15/2019	5,000,000.00	1,702	5,000,000.00	2.175	2.205	44
3133X72S2	17272	TREAS	FAC	FEDERAL HOME LOAN	12/09/2014	10,043,007.52	5.375	05/15/2019	10,000,000.00	1,618	10,000,000.00	1.683	1.706	44
3133X72S2	17279	TREAS	FAC	FEDERAL HOME LOAN	12/19/2014	20,588,998.85	5.375	05/15/2019	20,500,000.00	1,608	20,500,000.00	1.652	1.675	44
166764BH2	17378	TREAS	MTN	CHEVRON CORP	05/25/2016	19,997,495.80	1.561	05/16/2019	20,000,000.00	1,086	20,000,000.00	1.641	1.664	45
166764BH2	17381	TREAS	MTN	CHEVRON CORP	05/27/2016	9,998,749.77	1.561	05/16/2019	10,000,000.00	1,084	10,000,000.00	1.641	1.664	45
313379EE5	17250	TREAS	FAC	FEDERAL HOME LOAN	06/18/2014	4,997,752.28	1.625	06/14/2019	5,000,000.00	1,822	5,000,000.00	1.833	1.858	74
3130A2FH4	17256	TREAS	FAC	FEDERAL HOME LOAN	09/02/2014	20,000,339.14	1.750	06/14/2019	20,000,000.00	1,746	20,000,000.00	1.717	1.741	74
313379EE5	17259	TREAS	FAC	FEDERAL HOME LOAN	09/10/2014	9,995,685.59	1.625	06/14/2019	10,000,000.00	1,738	10,000,000.00	1.823	1.848	74
3130A2FH4	17260	TREAS	FAC	FEDERAL HOME LOAN	09/10/2014	9,998,121.34	1.750	06/14/2019	10,000,000.00	1,738	10,000,000.00	1.822	1.847	74
3135G0ZE6	17251	TREAS	FAC	FEDERAL NATIONAL	06/18/2014	4,998,895.23	1.750	06/20/2019	5,000,000.00	1,828	5,000,000.00	1.830	1.856	80
3135G0ZE6	17269	TREAS	FAC	FEDERAL NATIONAL	10/01/2014	29,993,904.12	1.750	06/20/2019	30,000,000.00	1,723	30,000,000.00	1.822	1.847	80
3135G0ZE6	17277	TREAS	FAC	FEDERAL NATIONAL	12/11/2014	10,003,161.94	1.750	06/20/2019	10,000,000.00	1,652	10,000,000.00	1.578	1.600	80
3135G0ZE6	17278	TREAS	FAC	FEDERAL NATIONAL	12/19/2014	26,004,927.83	1.750	06/20/2019	26,000,000.00	1,644	26,000,000.00	1.637	1.660	80
3133EFW52	17383	TREAS	FAC	FEDERAL FARM CREDIT	06/09/2016	2,060,500.34	1.150	07/01/2019	2,060,000.00	1,117	2,060,000.00	1.037	1.051	91
89236TBP9	17265	TREAS	MTN	TOYOTA MOTOR CREDIT	10/01/2014	9,997,936.83	2.125	07/18/2019	10,000,000.00	1,751	10,000,000.00	2.168	2.198	108
3137EAE1	17391	TREAS	FAC	FEDERAL HOME	08/11/2016	9,998,223.82	0.875	07/19/2019	10,000,000.00	1,072	10,000,000.00	0.922	0.935	109
3137EADK2	17275	TREAS	FAC	FEDERAL HOME	12/11/2014	14,981,101.08	1.250	08/01/2019	15,000,000.00	1,694	15,000,000.00	1.621	1.644	122
3137EADK2	17276	TREAS	FAC	FEDERAL HOME	12/11/2014	19,975,051.50	1.250	08/01/2019	20,000,000.00	1,694	20,000,000.00	1.618	1.640	122
084670BL1	17264	TREAS	MTN	BERKSHIRE HATHAWAY	10/01/2014	9,997,374.90	2.100	08/14/2019	10,000,000.00	1,778	10,000,000.00	2.145	2.175	135
06406HCW7	17266	TREAS	MTN	BANK OF NEW YORK	10/01/2014	8,497,026.50	2.300	09/11/2019	8,501,000.00	1,806	8,501,000.00	2.379	2.412	163
3137EADM8	17280	TREAS	FAC	FEDERAL HOME	12/19/2014	19,951,950.44	1.250	10/02/2019	20,000,000.00	1,748	20,000,000.00	1.726	1.750	184



**County of Fresno  
Inventory by Maturity Report**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
3137EADM8	17281	TREAS	FAC	FEDERAL HOME	12/19/2014	19,952,139.52	1.250	10/02/2019	20,000,000.00	1,748	20,000,000.00	1.724	1.748	184
3137EADM8	17282	TREAS	FAC	FEDERAL HOME	12/19/2014	9,976,069.76	1.250	10/02/2019	10,000,000.00	1,748	10,000,000.00	1.724	1.748	184
36962G7M0	17296	TREAS	MTN	G.E. CAPITAL	03/04/2015	10,367,115.40	2.200	01/09/2020	10,350,000.00	1,772	10,350,000.00	1.947	1.974	283
24422ERY7	17349	TREAS	MTN	JOHN DEERE	12/28/2015	8,960,984.60	1.700	01/15/2020	9,000,000.00	1,479	9,000,000.00	2.247	2.278	289
06406HBP3	17350	TREAS	MTN	BANK OF NEW YORK	12/28/2015	5,086,892.89	4.600	01/15/2020	5,000,000.00	1,479	5,000,000.00	2.250	2.281	289
3135G0A78	17299	TREAS	FAC	FEDERAL NATIONAL	03/04/2015	19,988,116.11	1.625	01/21/2020	20,000,000.00	1,784	20,000,000.00	1.679	1.702	295
3135G0A78	17307	TREAS	FAC	FEDERAL NATIONAL	05/08/2015	10,000,205.55	1.625	01/21/2020	10,000,000.00	1,719	10,000,000.00	1.600	1.622	295
3135G0A78	17308	TREAS	FAC	FEDERAL NATIONAL	05/08/2015	10,000,371.71	1.625	01/21/2020	10,000,000.00	1,719	10,000,000.00	1.598	1.620	295
3135G0A78	17312	TREAS	FAC	FEDERAL NATIONAL	06/03/2015	14,998,823.83	1.625	01/21/2020	15,000,000.00	1,693	15,000,000.00	1.613	1.635	295
3135G0A78	17329	TREAS	FAC	FEDERAL NATIONAL	10/29/2015	10,014,233.25	1.625	01/21/2020	10,000,000.00	1,545	10,000,000.00	1.422	1.442	295
3135G0A78	17332	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	10,007,837.84	1.625	01/21/2020	10,000,000.00	1,539	10,000,000.00	1.503	1.524	295
3135G0A78	17335	TREAS	FAC	FEDERAL NATIONAL	11/06/2015	10,002,779.41	1.625	01/21/2020	10,000,000.00	1,537	10,000,000.00	1.567	1.589	295
3135G0A78	17341	TREAS	FAC	FEDERAL NATIONAL	12/22/2015	20,001,689.86	1.625	01/21/2020	20,000,000.00	1,491	20,000,000.00	1.592	1.614	295
3135G0A78	17342	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	10,000,533.38	1.625	01/21/2020	10,000,000.00	1,490	10,000,000.00	1.596	1.618	295
3135G0A78	17344	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	20,000,758.58	1.625	01/21/2020	20,000,000.00	1,490	20,000,000.00	1.598	1.620	295
46625HKA7	17295	TREAS	MTN	JP MORGAN	03/04/2015	9,992,662.65	2.250	01/23/2020	10,000,000.00	1,786	10,000,000.00	2.314	2.346	297
06406HCZ0	17297	TREAS	MTN	BANK OF NEW YORK	03/04/2015	3,001,629.44	2.150	02/24/2020	3,000,000.00	1,818	3,000,000.00	2.057	2.086	329
14912L6J5	17360	TREAS	MTN	CATERPILLAR	03/04/2016	8,271,766.13	2.000	03/05/2020	8,278,000.00	1,462	8,278,000.00	2.056	2.085	339
3137EADR7	17303	TREAS	FAC	FEDERAL HOME	05/06/2015	9,973,340.95	1.375	05/01/2020	10,000,000.00	1,822	10,000,000.00	1.610	1.632	396
3137EADR7	17309	TREAS	FAC	FEDERAL HOME	05/08/2015	9,971,819.07	1.375	05/01/2020	10,000,000.00	1,820	10,000,000.00	1.624	1.647	396
037833BD1	17348	TREAS	MTN	APPLE INC	12/28/2015	9,999,042.73	2.000	05/06/2020	10,000,000.00	1,591	10,000,000.00	1.981	2.009	401
912828ND8	17345	TREAS	TRC	US TREASURY NOTE	12/23/2015	40,804,273.75	3.500	05/15/2020	40,000,000.00	1,605	40,000,000.00	1.614	1.637	410
3134G44G0	17328	TREAS	FAC	FEDERAL HOME	10/29/2015	4,998,677.45	1.500	05/22/2020	5,000,000.00	1,667	5,000,000.00	1.503	1.524	417
912828XE5	17416	TREAS	TRC	US TREASURY NOTE	11/15/2016	15,015,829.83	1.500	05/31/2020	15,000,000.00	1,293	15,000,000.00	1.388	1.407	426
912828XE5	17428	TREAS	TRC	US TREASURY NOTE	12/13/2016	39,961,062.25	1.500	05/31/2020	40,000,000.00	1,265	40,000,000.00	1.564	1.586	426
313383HU8	17315	TREAS	FAC	FEDERAL HOME LOAN	06/12/2015	19,999,770.13	1.750	06/12/2020	20,000,000.00	1,827	20,000,000.00	1.727	1.751	438
313383HU8	17317	TREAS	FAC	FEDERAL HOME LOAN	06/26/2015	12,604,064.98	1.750	06/12/2020	12,615,000.00	1,813	12,615,000.00	1.801	1.826	438
3133EEW55	17316	TREAS	FAC	FEDERAL FARM CREDIT	06/15/2015	9,990,034.88	1.800	06/15/2020	10,000,000.00	1,827	10,000,000.00	1.861	1.887	441
3135G0D75	17327	TREAS	FAC	FEDERAL NATIONAL	10/29/2015	19,991,723.01	1.500	06/22/2020	20,000,000.00	1,698	20,000,000.00	1.514	1.535	448
3135G0D75	17331	TREAS	FAC	FEDERAL NATIONAL	10/30/2015	5,945,150.71	1.500	06/22/2020	5,950,000.00	1,697	5,950,000.00	1.548	1.569	448
3135G0D75	17333	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	4,992,583.90	1.500	06/22/2020	5,000,000.00	1,692	5,000,000.00	1.604	1.626	448
3135G0D75	17334	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	4,992,531.03	1.500	06/22/2020	5,000,000.00	1,692	5,000,000.00	1.605	1.627	448
3135G0D75	17336	TREAS	FAC	FEDERAL NATIONAL	11/06/2015	4,989,504.41	1.500	06/22/2020	5,000,000.00	1,690	5,000,000.00	1.656	1.679	448
3135G0D75	17338	TREAS	FAC	FEDERAL NATIONAL	12/17/2015	29,903,628.61	1.500	06/22/2020	30,000,000.00	1,649	30,000,000.00	1.750	1.774	448
3135G0D75	17339	TREAS	FAC	FEDERAL NATIONAL	12/17/2015	19,931,301.70	1.500	06/22/2020	20,000,000.00	1,649	20,000,000.00	1.769	1.793	448
3135G0D75	17340	TREAS	FAC	FEDERAL NATIONAL	12/22/2015	9,976,273.11	1.500	06/22/2020	10,000,000.00	1,644	10,000,000.00	1.679	1.702	448
3135G0D75	17343	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	9,974,395.31	1.500	06/22/2020	10,000,000.00	1,643	10,000,000.00	1.695	1.718	448
912828XM7	17433	TREAS	TRC	US TREASURY NOTE	12/22/2016	39,938,755.22	1.625	07/31/2020	40,000,000.00	1,317	40,000,000.00	1.720	1.744	487
912828XM7	17435	TREAS	TRC	US TREASURY NOTE	12/28/2016	39,928,027.27	1.625	07/31/2020	40,000,000.00	1,311	40,000,000.00	1.740	1.765	487
06406HDD8	17347	TREAS	MTN	BANK OF NEW YORK	12/28/2015	5,011,515.88	2.600	08/17/2020	5,000,000.00	1,694	5,000,000.00	2.389	2.422	504

**County of Fresno  
Inventory by Maturity Report**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
912828L65	17436	TREAS	TRC	US TREASURY NOTE	12/28/2016	29,807,156.52	1.375	09/30/2020	30,000,000.00	1,372	30,000,000.00	1.795	1.820	548
13063DDE5	17518	TREAS	MUN	STATE OF CALIFORNIA	12/11/2017	25,090,089.11	2.300	10/01/2020	25,000,000.00	1,025	25,000,000.00	2.023	2.051	549
46625HNX4	17361	TREAS	MTN	JP MORGAN	03/04/2016	6,182,970.24	2.550	10/29/2020	6,181,000.00	1,700	6,181,000.00	2.493	2.528	577
3135G0RM7	17330	TREAS	FAC	FEDERAL NATIONAL	10/30/2015	10,068,204.60	1.630	10/30/2020	10,060,000.00	1,827	10,060,000.00	1.555	1.576	578
166764AY6	17346	TREAS	MTN	CHEVRON CORP	12/28/2015	9,992,037.86	2.419	11/17/2020	10,000,000.00	1,786	10,000,000.00	2.437	2.471	596
313381CA1	17372	TREAS	FAC	FEDERAL HOME LOAN	04/21/2016	5,000,482.16	1.375	12/11/2020	5,000,000.00	1,695	5,000,000.00	1.350	1.369	620
3135G0H55	17374	TREAS	FAC	FEDERAL NATIONAL	05/20/2016	10,076,934.19	1.875	12/28/2020	10,000,000.00	1,683	10,000,000.00	1.398	1.417	637
912828N48	17429	TREAS	TRC	US TREASURY NOTE	12/16/2016	39,886,178.86	1.750	12/31/2020	40,000,000.00	1,476	40,000,000.00	1.893	1.919	640
24422ETF6	17362	TREAS	MTN	JOHN DEERE	03/04/2016	5,033,411.45	2.550	01/08/2021	5,000,000.00	1,771	5,000,000.00	2.121	2.150	648
3130AAX45	17460	TREAS	FAC	FEDERAL HOME LOAN	03/28/2017	15,028,219.86	1.875	01/28/2021	15,000,000.00	1,402	15,000,000.00	1.744	1.768	668
91159HHL7	17395	TREAS	MTN	US BANK NA	08/22/2016	5,058,665.83	2.350	01/29/2021	5,000,000.00	1,621	5,000,000.00	1.658	1.681	669
91159HHL7	17426	TREAS	MTN	US BANK NA	12/13/2016	4,643,787.72	2.350	01/29/2021	4,634,000.00	1,508	4,634,000.00	2.198	2.228	669
91159HHL7	17431	TREAS	MTN	US BANK NA	12/22/2016	4,994,522.61	2.350	01/29/2021	5,000,000.00	1,499	5,000,000.00	2.380	2.413	669
91159HHL7	17432	TREAS	MTN	US BANK NA	12/22/2016	7,514,426.67	2.350	01/29/2021	7,522,000.00	1,499	7,522,000.00	2.375	2.408	669
91159HHL7	17458	TREAS	MTN	US BANK NA	03/22/2017	10,004,222.21	2.350	01/29/2021	10,000,000.00	1,409	10,000,000.00	2.293	2.325	669
91159HHL7	17482	TREAS	MTN	US BANK NA	06/27/2017	4,827,532.04	2.350	01/29/2021	4,803,000.00	1,312	4,803,000.00	2.030	2.058	669
313376XN0	17364	TREAS	FAC	FEDERAL HOME LOAN	03/03/2016	827,949.89	2.100	02/08/2021	820,000.00	1,803	820,000.00	1.533	1.554	679
3133EFYZ4	17359	TREAS	FAC	FEDERAL FARM CREDIT	02/29/2016	17,780,569.78	1.375	02/10/2021	17,800,000.00	1,808	17,800,000.00	1.416	1.436	681
3130A7CV5	17363	TREAS	FAC	FEDERAL HOME LOAN	03/03/2016	4,986,370.87	1.375	02/18/2021	5,000,000.00	1,813	5,000,000.00	1.505	1.526	689
3130A7CV5	17371	TREAS	FAC	FEDERAL HOME LOAN	04/21/2016	9,994,894.24	1.375	02/18/2021	10,000,000.00	1,764	10,000,000.00	1.384	1.403	689
3130A7CV5	17376	TREAS	FAC	FEDERAL HOME LOAN	05/20/2016	4,991,656.41	1.375	02/18/2021	5,000,000.00	1,735	5,000,000.00	1.447	1.467	689
3130A7CV5	17379	TREAS	FAC	FEDERAL HOME LOAN	05/25/2016	9,978,986.37	1.375	02/18/2021	10,000,000.00	1,730	10,000,000.00	1.471	1.491	689
3130A7CV5	17388	TREAS	FAC	FEDERAL HOME LOAN	08/08/2016	10,036,699.21	1.375	02/18/2021	10,000,000.00	1,655	10,000,000.00	1.158	1.174	689
3130A7CV5	17457	TREAS	FAC	FEDERAL HOME LOAN	03/20/2017	19,823,364.55	1.375	02/18/2021	20,000,000.00	1,431	20,000,000.00	1.838	1.864	689
037833BS8	17443	TREAS	MTN	APPLE INC	01/19/2017	10,000,000.00	2.250	02/23/2021	10,000,000.00	1,496	10,000,000.00	2.219	2.250	694
06406FAB9	17490	TREAS	MTN	BANK OF NEW YORK	07/18/2017	7,463,970.11	2.050	05/03/2021	7,500,000.00	1,385	7,500,000.00	2.260	2.291	763
3135G0K69	17380	TREAS	FAC	FEDERAL NATIONAL	05/25/2016	9,945,047.36	1.250	05/06/2021	10,000,000.00	1,807	10,000,000.00	1.502	1.523	766
3135G0K69	17402	TREAS	FAC	FEDERAL NATIONAL	09/28/2016	25,007,590.87	1.250	05/06/2021	25,000,000.00	1,681	25,000,000.00	1.218	1.235	766
3135G0K69	17412	TREAS	FAC	FEDERAL NATIONAL	11/02/2016	9,973,649.38	1.250	05/06/2021	10,000,000.00	1,646	10,000,000.00	1.361	1.380	766
3135G0K69	17413	TREAS	FAC	FEDERAL NATIONAL	11/14/2016	7,955,374.44	1.250	05/06/2021	8,000,000.00	1,634	8,000,000.00	1.505	1.526	766
3135G0K69	17421	TREAS	FAC	FEDERAL NATIONAL	12/02/2016	24,669,159.97	1.250	05/06/2021	25,000,000.00	1,616	25,000,000.00	1.885	1.911	766
166764BG4	17471	TREAS	MTN	CHEVRON CORP	04/25/2017	19,995,078.03	2.100	05/16/2021	20,000,000.00	1,482	20,000,000.00	2.083	2.112	776
912828WN6	17434	TREAS	TRC	US TREASURY NOTE	12/28/2016	40,003,826.43	2.000	05/31/2021	40,000,000.00	1,615	40,000,000.00	1.968	1.995	791
3130A1W95	17386	TREAS	FAC	FEDERAL HOME LOAN	07/15/2016	30,636,544.96	2.250	06/11/2021	30,000,000.00	1,792	30,000,000.00	1.233	1.250	802
313379RB7	17392	TREAS	FAC	FEDERAL HOME LOAN	08/17/2016	10,120,388.89	1.875	06/11/2021	10,000,000.00	1,759	10,000,000.00	1.289	1.307	802
3130A1W95	17420	TREAS	FAC	FEDERAL HOME LOAN	11/29/2016	18,629,055.90	2.250	06/11/2021	18,470,000.00	1,655	18,470,000.00	1.814	1.839	802
313379RB7	17466	TREAS	FAC	FEDERAL HOME LOAN	04/11/2017	15,009,085.00	1.875	06/11/2021	15,000,000.00	1,522	15,000,000.00	1.821	1.846	802
3130AB3M6	17465	TREAS	FAC	FEDERAL HOME LOAN	04/10/2017	5,002,395.07	1.875	06/30/2021	5,000,000.00	1,542	5,000,000.00	1.828	1.853	821
3130A8QS5	17389	TREAS	FAC	FEDERAL HOME LOAN	08/08/2016	14,960,518.24	1.125	07/14/2021	15,000,000.00	1,801	15,000,000.00	1.227	1.244	835
3130A8QS5	17399	TREAS	FAC	FEDERAL HOME LOAN	08/29/2016	3,938,085.31	1.125	07/14/2021	3,955,000.00	1,780	3,955,000.00	1.301	1.319	835

**County of Fresno  
Inventory by Maturity Report**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
3130A8QS5	17400	TREAS	FAC	FEDERAL HOME LOAN	09/13/2016	14,931,772.78	1.125	07/14/2021	15,000,000.00	1,765	15,000,000.00	1.313	1.331	835
3130A8QS5	17403	TREAS	FAC	FEDERAL HOME LOAN	09/28/2016	9,974,532.39	1.125	07/14/2021	10,000,000.00	1,750	10,000,000.00	1.223	1.240	835
3130A8QS5	17408	TREAS	FAC	FEDERAL HOME LOAN	10/13/2016	9,934,915.18	1.125	07/14/2021	10,000,000.00	1,735	10,000,000.00	1.401	1.420	835
3130A8QS5	17414	TREAS	FAC	FEDERAL HOME LOAN	11/14/2016	9,910,944.54	1.125	07/14/2021	10,000,000.00	1,703	10,000,000.00	1.509	1.530	835
3130A8QS5	17464	TREAS	FAC	FEDERAL HOME LOAN	04/06/2017	19,701,136.17	1.125	07/14/2021	20,000,000.00	1,560	20,000,000.00	1.782	1.807	835
949746SA0	17445	TREAS	MTN	WELLS FARGO	01/25/2017	9,843,559.84	2.100	07/26/2021	10,000,000.00	1,643	10,000,000.00	2.784	2.823	847
3134G9M79	17463	TREAS	FAC	FEDERAL HOME	04/06/2017	4,409,290.54	1.875	07/26/2021	4,410,000.00	1,572	4,410,000.00	1.856	1.882	847
949746SA0	17467	TREAS	MTN	WELLS FARGO	04/17/2017	4,959,633.53	2.100	07/26/2021	5,000,000.00	1,561	5,000,000.00	2.435	2.469	847
949746SA0	17477	TREAS	MTN	WELLS FARGO	05/15/2017	13,123,194.60	2.100	07/26/2021	13,232,000.00	1,533	13,232,000.00	2.441	2.475	847
949746SA0	17491	TREAS	MTN	WELLS FARGO	07/18/2017	12,187,722.46	2.100	07/26/2021	12,275,000.00	1,469	12,275,000.00	2.390	2.424	847
3134G9N86	17476	TREAS	FAC	FEDERAL HOME	05/11/2017	6,166,597.55	1.875	07/27/2021	6,170,000.00	1,538	6,170,000.00	1.874	1.900	848
3133752P1	17405	TREAS	FAC	FEDERAL HOME LOAN	10/05/2016	5,976,348.62	3.500	07/29/2021	5,700,000.00	1,758	5,700,000.00	1.324	1.342	850
037833CC2	17425	TREAS	MTN	APPLE INC	12/13/2016	4,925,184.38	1.550	08/04/2021	5,000,000.00	1,695	5,000,000.00	2.195	2.226	856
594918BP8	17394	TREAS	MTN	MICROSOFT	08/22/2016	14,995,233.85	1.550	08/08/2021	15,000,000.00	1,812	15,000,000.00	1.543	1.564	860
594918BP8	17424	TREAS	MTN	MICROSOFT	12/13/2016	4,929,205.97	1.550	08/08/2021	5,000,000.00	1,699	5,000,000.00	2.156	2.186	860
14912L6U0	17401	TREAS	MTN	CATERPILLAR	09/16/2016	15,213,521.12	1.700	08/09/2021	15,294,000.00	1,788	15,294,000.00	1.909	1.935	861
3137EAEC9	17393	TREAS	FAC	FEDERAL HOME	08/17/2016	9,954,961.00	1.125	08/12/2021	10,000,000.00	1,821	10,000,000.00	1.304	1.322	864
3135G0N82	17396	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,989,994.18	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.276	1.294	869
3135G0N82	17397	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,979,940.49	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.319	1.337	869
3135G0N82	17398	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,975,296.64	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.339	1.358	869
3135G0Q89	17406	TREAS	FAC	FEDERAL NATIONAL	10/07/2016	19,983,490.67	1.375	10/07/2021	20,000,000.00	1,826	20,000,000.00	1.390	1.409	920
3135G0Q89	17407	TREAS	FAC	FEDERAL NATIONAL	10/13/2016	9,970,204.01	1.375	10/07/2021	10,000,000.00	1,820	10,000,000.00	1.478	1.498	920
3135G0Q89	17409	TREAS	FAC	FEDERAL NATIONAL	10/27/2016	4,990,685.51	1.375	10/07/2021	5,000,000.00	1,806	5,000,000.00	1.432	1.452	920
3133EGYQ2	17410	TREAS	FAC	FEDERAL FARM CREDIT	10/27/2016	9,986,092.97	1.400	10/14/2021	10,000,000.00	1,813	10,000,000.00	1.437	1.457	927
24422ERH4	17427	TREAS	MTN	JOHN DEERE	12/13/2016	8,857,712.37	3.150	10/15/2021	8,707,000.00	1,767	8,707,000.00	2.390	2.423	928
36962G5J9	17511	TREAS	MTN	G.E. CAPITAL	11/16/2017	10,533,630.05	4.650	10/17/2021	10,000,000.00	1,431	10,000,000.00	2.404	2.438	930
3133EGZJ7	17411	TREAS	FAC	FEDERAL FARM CREDIT	10/27/2016	9,979,767.59	1.375	10/25/2021	10,000,000.00	1,824	10,000,000.00	1.437	1.457	938
3135G0S38	17440	TREAS	FAC	FEDERAL NATIONAL	01/09/2017	19,974,928.62	2.000	01/05/2022	20,000,000.00	1,822	20,000,000.00	2.020	2.048	1,010
3135G0S38	17441	TREAS	FAC	FEDERAL NATIONAL	01/09/2017	9,986,946.28	2.000	01/05/2022	10,000,000.00	1,822	10,000,000.00	2.022	2.050	1,010
3135G0S38	17459	TREAS	FAC	FEDERAL NATIONAL	03/28/2017	10,003,878.74	2.000	01/05/2022	10,000,000.00	1,744	10,000,000.00	1.958	1.985	1,010
3135G0S38	17480	TREAS	FAC	FEDERAL NATIONAL	06/02/2017	5,022,128.11	2.000	01/05/2022	5,000,000.00	1,678	5,000,000.00	1.807	1.832	1,010
3135G0S38	17481	TREAS	FAC	FEDERAL NATIONAL	06/12/2017	5,022,006.06	2.000	01/05/2022	5,000,000.00	1,668	5,000,000.00	1.808	1.833	1,010
91159HHP8	17483	TREAS	MTN	US BANK NA	06/27/2017	20,189,560.78	2.625	01/24/2022	20,000,000.00	1,672	20,000,000.00	2.237	2.268	1,029
3133EG5D3	17447	TREAS	FAC	FEDERAL FARM CREDIT	01/27/2017	50,000,000.00	2.030	01/27/2022	50,000,000.00	1,826	50,000,000.00	2.002	2.030	1,032
3136G2CS4	17461	TREAS	FAC	FEDERAL NATIONAL	03/28/2017	5,001,976.56	2.000	01/27/2022	5,000,000.00	1,766	5,000,000.00	1.958	1.985	1,032
084670BF4	17520	TREAS	MTN	BERKSHIRE HATHAWAY	12/14/2017	15,420,183.21	3.400	01/31/2022	15,000,000.00	1,509	15,000,000.00	2.323	2.355	1,036
594918BW3	17449	TREAS	MTN	MICROSOFT	02/21/2017	6,721,748.45	2.400	02/06/2022	6,725,000.00	1,811	6,725,000.00	2.385	2.418	1,042
594918BW3	17525	TREAS	MTN	MICROSOFT	12/21/2017	17,375,000.00	2.400	02/06/2022	17,375,000.00	1,508	17,375,000.00	2.367	2.400	1,042
06406RAA5	17469	TREAS	MTN	BANK OF NEW YORK	04/18/2017	10,047,276.70	2.600	02/07/2022	10,000,000.00	1,756	10,000,000.00	2.390	2.423	1,043
037833CM0	17448	TREAS	MTN	APPLE INC	02/21/2017	14,978,784.56	2.500	02/09/2022	15,000,000.00	1,814	15,000,000.00	2.518	2.553	1,045

Portfolio FSNO  
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Report Ver. 7.3.6.1

**County of Fresno  
Inventory by Maturity Report**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
037833AY6	17470	TREAS	MTN	APPLE INC	04/18/2017	9,987,785.57	2.150	02/09/2022	10,000,000.00	1,758	10,000,000.00	2.165	2.195	1,045
594918BA1	17450	TREAS	MTN	MICROSOFT	02/21/2017	6,442,544.33	2.375	02/12/2022	6,450,000.00	1,817	6,450,000.00	2.385	2.418	1,048
13063DAD0	17472	TREAS	MUN	STATE OF CALIFORNIA	04/27/2017	5,000,000.00	2.367	04/01/2022	5,000,000.00	1,800	5,000,000.00	2.335	2.367	1,096
13063DAD0	17473	TREAS	MUN	STATE OF CALIFORNIA	04/27/2017	10,534,902.14	2.367	04/01/2022	10,500,000.00	1,800	10,500,000.00	2.219	2.249	1,096
13063DAD0	17474	TREAS	MUN	STATE OF CALIFORNIA	05/03/2017	8,018,228.05	2.367	04/01/2022	8,000,000.00	1,794	8,000,000.00	2.255	2.286	1,096
037833CQ1	17475	TREAS	MTN	APPLE INC	05/11/2017	19,970,133.33	2.300	05/11/2022	20,000,000.00	1,826	20,000,000.00	2.319	2.351	1,136
3133EHJT1	17479	TREAS	FAC	FEDERAL FARM CREDIT	05/18/2017	4,996,431.17	2.000	05/18/2022	5,000,000.00	1,826	5,000,000.00	1.996	2.024	1,143
3130ACUZ5	17513	TREAS	FAC	FEDERAL HOME LOAN	11/24/2017	22,984,879.35	2.060	05/24/2022	23,000,000.00	1,642	23,000,000.00	2.053	2.082	1,149
3130ACXH2	17567	TREAS	FAC	FEDERAL HOME LOAN	12/04/2017	24,940,818.72	2.020	05/25/2022	25,000,000.00	1,633	25,000,000.00	2.070	2.099	1,150
912828XR6	17497	TREAS	TRC	US TREASURY NOTE	09/27/2017	19,944,976.57	1.750	05/31/2022	20,000,000.00	1,707	20,000,000.00	1.816	1.841	1,156
313379Q69	17485	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	5,035,301.77	2.125	06/10/2022	5,000,000.00	1,808	5,000,000.00	1.866	1.892	1,166
313379Q69	17486	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	5,035,334.01	2.125	06/10/2022	5,000,000.00	1,808	5,000,000.00	1.866	1.892	1,166
313379Q69	17487	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	3,847,450.85	2.125	06/10/2022	3,820,000.00	1,808	3,820,000.00	1.862	1.888	1,166
313379Q69	17488	TREAS	FAC	FEDERAL HOME LOAN	07/07/2017	13,519,669.66	2.125	06/10/2022	13,470,000.00	1,799	13,470,000.00	1.976	2.003	1,166
313379Q69	17498	TREAS	FAC	FEDERAL HOME LOAN	09/27/2017	20,148,901.71	2.125	06/10/2022	20,000,000.00	1,717	20,000,000.00	1.854	1.880	1,166
313379Q69	17516	TREAS	FAC	FEDERAL HOME LOAN	12/01/2017	1,999,511.90	2.125	06/10/2022	2,000,000.00	1,652	2,000,000.00	2.104	2.133	1,166
313379Q69	17527	TREAS	FAC	FEDERAL HOME LOAN	12/20/2017	1,894,098.85	2.125	06/10/2022	1,900,000.00	1,633	1,900,000.00	2.197	2.228	1,166
3130A5P45	17528	TREAS	FAC	FEDERAL HOME LOAN	12/20/2017	1,933,562.93	2.375	06/10/2022	1,925,000.00	1,633	1,925,000.00	2.197	2.228	1,166
3133EY20	17495	TREAS	FAC	FEDERAL FARM CREDIT	09/21/2017	10,144,195.08	2.400	06/17/2022	10,000,000.00	1,730	10,000,000.00	1.901	1.928	1,173
3130ACM27	17502	TREAS	FAC	FEDERAL HOME LOAN	10/12/2017	14,989,435.93	1.950	07/11/2022	15,000,000.00	1,733	15,000,000.00	1.946	1.973	1,197
3130ACM27	17509	TREAS	FAC	FEDERAL HOME LOAN	10/19/2017	4,447,432.78	1.950	07/11/2022	4,455,000.00	1,726	4,455,000.00	1.977	2.005	1,197
91159JAA4	17529	TREAS	MTN	US BANK NA	12/21/2017	10,108,181.80	2.950	07/15/2022	10,004,000.00	1,667	10,004,000.00	2.570	2.606	1,201
3130ACKC7	17500	TREAS	FAC	FEDERAL HOME LOAN	10/18/2017	50,000,000.00	1.950	07/18/2022	50,000,000.00	1,734	50,000,000.00	1.924	1.950	1,204
95000U2B8	17508	TREAS	MTN	WELLS FARGO	10/20/2017	4,998,399.94	2.625	07/22/2022	5,000,000.00	1,736	5,000,000.00	2.599	2.635	1,208
3130ACYP3	17515	TREAS	FAC	FEDERAL HOME LOAN	12/05/2017	19,987,009.95	2.100	07/27/2022	20,000,000.00	1,695	20,000,000.00	2.092	2.121	1,213
3130ACUV4	17512	TREAS	FAC	FEDERAL HOME LOAN	11/30/2017	50,000,000.00	2.070	07/29/2022	50,000,000.00	1,702	50,000,000.00	2.042	2.070	1,215
3130ACUV4	17517	TREAS	FAC	FEDERAL HOME LOAN	12/06/2017	8,863,594.07	2.070	07/29/2022	8,890,000.00	1,696	8,890,000.00	2.135	2.165	1,215
3130AC5A8	17494	TREAS	FAC	FEDERAL HOME LOAN	09/19/2017	9,985,055.29	1.850	08/15/2022	10,000,000.00	1,791	10,000,000.00	1.870	1.896	1,232
3130AC5A8	17496	TREAS	FAC	FEDERAL HOME LOAN	09/27/2017	9,257,416.89	1.850	08/15/2022	9,280,000.00	1,783	9,280,000.00	1.899	1.926	1,232
3133EHVS9	17499	TREAS	FAC	FEDERAL FARM CREDIT	09/28/2017	5,476,581.22	1.840	08/23/2022	5,500,000.00	1,790	5,500,000.00	1.945	1.972	1,240
912828L24	17510	TREAS	TRC	US TREASURY NOTE	10/23/2017	19,910,913.71	1.875	08/31/2022	20,000,000.00	1,773	20,000,000.00	1.985	2.012	1,248
13063DDF2	17504	TREAS	MUN	STATE OF CALIFORNIA	10/26/2017	10,098,883.38	2.500	10/01/2022	10,000,000.00	1,801	10,000,000.00	2.170	2.200	1,279
13063DDF2	17505	TREAS	MUN	STATE OF CALIFORNIA	10/26/2017	10,098,883.38	2.500	10/01/2022	10,000,000.00	1,801	10,000,000.00	2.170	2.200	1,279
13063DDF2	17519	TREAS	MUN	STATE OF CALIFORNIA	12/14/2017	20,045,526.35	2.500	10/01/2022	20,000,000.00	1,752	20,000,000.00	2.397	2.430	1,279
13063DDF2	17532	TREAS	MUN	STATE OF CALIFORNIA	01/16/2018	4,987,771.68	2.500	10/01/2022	5,000,000.00	1,719	5,000,000.00	2.539	2.574	1,279
3135G0T78	17501	TREAS	FAC	FEDERAL NATIONAL	10/10/2017	19,984,620.75	2.000	10/05/2022	20,000,000.00	1,821	20,000,000.00	1.995	2.023	1,283
3135G0T78	17503	TREAS	FAC	FEDERAL NATIONAL	10/12/2017	14,986,993.42	2.000	10/05/2022	15,000,000.00	1,819	15,000,000.00	1.998	2.026	1,283
3135G0T78	17531	TREAS	FAC	FEDERAL NATIONAL	01/11/2018	4,937,371.17	2.000	10/05/2022	5,000,000.00	1,728	5,000,000.00	2.346	2.379	1,283
89233P7F7	17538	TREAS	MTN	TOYOTA MOTOR CREDIT	03/01/2018	4,925,258.89	2.625	01/10/2023	5,000,000.00	1,776	5,000,000.00	3.012	3.054	1,380
89236TEL5	17539	TREAS	MTN	TOYOTA MOTOR CREDIT	03/01/2018	4,938,279.31	2.700	01/11/2023	5,000,000.00	1,777	5,000,000.00	3.012	3.054	1,381

**County of Fresno  
Inventory by Maturity Report**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
89236TEL5	17542	TREAS	MTN	TOYOTA MOTOR CREDIT	04/02/2018	19,697,303.08	2.700	01/11/2023	20,000,000.00	1,745	20,000,000.00	3.091	3.134	1,381
037833DE7	17541	TREAS	MTN	APPLE INC	03/01/2018	2,442,286.03	2.400	01/13/2023	2,500,000.00	1,779	2,500,000.00	3.018	3.060	1,383
3133EH7F4	17557	TREAS	FAC	FEDERAL FARM CREDIT	04/19/2018	19,555,114.03	2.350	01/17/2023	19,869,000.00	1,734	19,869,000.00	2.759	2.797	1,387
3135G0T94	17533	TREAS	FAC	FEDERAL NATIONAL	01/23/2018	49,772,825.17	2.375	01/19/2023	50,000,000.00	1,822	50,000,000.00	2.469	2.503	1,389
90331HNL3	17534	TREAS	MTN	US BANK NA	01/24/2018	9,985,891.05	2.850	01/23/2023	10,000,000.00	1,825	10,000,000.00	2.850	2.890	1,393
90331HNL3	17537	TREAS	MTN	US BANK NA	03/01/2018	4,950,181.29	2.850	01/23/2023	5,000,000.00	1,789	5,000,000.00	3.091	3.134	1,393
90331HNL3	17556	TREAS	MTN	US BANK NA	04/20/2018	9,889,479.11	2.850	01/23/2023	10,000,000.00	1,739	10,000,000.00	3.121	3.164	1,393
46625HJH4	17559	TREAS	MTN	JP MORGAN	04/26/2018	9,876,428.44	3.200	01/25/2023	10,000,000.00	1,735	10,000,000.00	3.505	3.554	1,395
3133EJBP3	17535	TREAS	FAC	FEDERAL FARM CREDIT	02/07/2018	9,966,863.69	2.500	02/02/2023	10,000,000.00	1,821	10,000,000.00	2.557	2.593	1,403
3133EJBP3	17536	TREAS	FAC	FEDERAL FARM CREDIT	02/28/2018	50,701,578.13	2.500	02/02/2023	51,180,000.00	1,800	51,180,000.00	2.724	2.762	1,403
037833BU3	17540	TREAS	MTN	APPLE INC	03/01/2018	9,923,328.13	2.850	02/23/2023	10,000,000.00	1,820	10,000,000.00	3.022	3.064	1,424
594918AT1	17580	TREAS	MTN	MICROSOFT	06/22/2018	9,703,966.04	2.375	05/01/2023	10,000,000.00	1,774	10,000,000.00	3.119	3.162	1,491
037833AK6	17563	TREAS	MTN	APPLE INC	05/03/2018	4,835,463.11	2.400	05/03/2023	5,000,000.00	1,826	5,000,000.00	3.234	3.279	1,493
037833AK6	17564	TREAS	MTN	APPLE INC	05/03/2018	4,835,299.56	2.400	05/03/2023	5,000,000.00	1,826	5,000,000.00	3.235	3.280	1,493
037833AK6	17581	TREAS	MTN	APPLE INC	06/22/2018	9,682,229.58	2.400	05/03/2023	10,000,000.00	1,776	10,000,000.00	3.202	3.246	1,493
166764BK5	17571	TREAS	MTN	CHEVRON CORP	06/08/2018	9,717,975.28	2.566	05/16/2023	10,000,000.00	1,803	10,000,000.00	3.267	3.313	1,506
166764BK5	17579	TREAS	MTN	CHEVRON CORP	06/22/2018	4,868,180.99	2.566	05/16/2023	5,000,000.00	1,789	5,000,000.00	3.217	3.262	1,506
166764BK5	17585	TREAS	MTN	CHEVRON CORP	07/25/2018	6,116,890.12	2.566	05/16/2023	6,288,000.00	1,756	6,288,000.00	3.239	3.284	1,506
166764BK5	17626	TREAS	MTN	CHEVRON CORP	03/04/2019	7,933,046.08	2.566	05/16/2023	7,966,000.00	1,534	7,966,000.00	2.833	2.872	1,506
3130AEEW6	17572	TREAS	FAC	FEDERAL HOME LOAN	06/07/2018	21,042,033.63	2.760	05/30/2023	21,150,000.00	1,818	21,150,000.00	2.853	2.893	1,520
3130AEAP5	17576	TREAS	FAC	FEDERAL HOME LOAN	05/30/2018	49,978,805.81	2.875	05/30/2023	50,000,000.00	1,826	50,000,000.00	2.846	2.886	1,520
931142EK5	17604	TREAS	MTN	WALMART	11/13/2018	9,956,349.97	3.400	06/26/2023	10,000,000.00	1,686	10,000,000.00	3.464	3.512	1,547
46632FPH2	17590	TREAS	MTN	JP MORGAN	08/14/2018	30,000,000.00	3.450	07/14/2023	30,000,000.00	1,795	30,000,000.00	3.403	3.450	1,565
3133EJUS6	17584	TREAS	FAC	FEDERAL FARM CREDIT	07/17/2018	19,997,766.89	2.875	07/17/2023	20,000,000.00	1,826	20,000,000.00	2.838	2.878	1,568
3133EJUS6	17589	TREAS	FAC	FEDERAL FARM CREDIT	07/25/2018	29,916,919.75	2.875	07/17/2023	30,000,000.00	1,818	30,000,000.00	2.904	2.945	1,568
3133EJUS6	17593	TREAS	FAC	FEDERAL FARM CREDIT	09/19/2018	9,938,640.35	2.875	07/17/2023	10,000,000.00	1,762	10,000,000.00	2.988	3.029	1,568
3133EJUS6	17607	TREAS	FAC	FEDERAL FARM CREDIT	12/20/2018	2,921,789.36	2.875	07/17/2023	2,910,000.00	1,670	2,910,000.00	2.736	2.774	1,568
3133EJUS6	17615	TREAS	FAC	FEDERAL FARM CREDIT	01/18/2019	20,159,157.44	2.875	07/17/2023	20,000,000.00	1,641	20,000,000.00	2.642	2.679	1,568
90331HNV1	17586	TREAS	MTN	US BANK NA	07/25/2018	9,988,950.31	3.400	07/24/2023	10,000,000.00	1,825	10,000,000.00	3.381	3.428	1,575
90331HNV1	17587	TREAS	MTN	US BANK NA	07/25/2018	1,497,403.75	3.400	07/24/2023	1,500,000.00	1,825	1,500,000.00	3.397	3.444	1,575
90331HNV1	17588	TREAS	MTN	US BANK NA	07/25/2018	1,248,273.49	3.400	07/24/2023	1,250,000.00	1,825	1,250,000.00	3.388	3.435	1,575
3133EJK57	17606	TREAS	FAC	FEDERAL FARM CREDIT	12/20/2018	17,208,638.13	3.080	07/24/2023	17,000,000.00	1,677	17,000,000.00	2.737	2.775	1,575
3130AFBD8	17608	TREAS	FAC	FEDERAL HOME LOAN	12/20/2018	12,676,914.21	3.125	07/25/2023	12,500,000.00	1,678	12,500,000.00	2.736	2.774	1,576
3133EJ4G1	17610	TREAS	FAC	FEDERAL FARM CREDIT	12/28/2018	64,955,101.78	2.770	07/28/2023	65,000,000.00	1,673	65,000,000.00	2.749	2.787	1,579
911759MW5	17630	TREAS	TRC	US HOUSING AND URBAN	03/28/2019	3,500,000.00	2.618	08/01/2023	3,500,000.00	1,587	3,500,000.00	2.583	2.618	1,583
594918BQ6	17616	TREAS	MTN	MICROSOFT	02/07/2019	2,794,445.86	2.000	08/08/2023	2,880,000.00	1,643	2,880,000.00	2.693	2.730	1,590
594918BQ6	17617	TREAS	MTN	MICROSOFT	02/11/2019	19,436,228.57	2.000	08/08/2023	20,000,000.00	1,639	20,000,000.00	2.659	2.696	1,590
594918BQ6	17624	TREAS	MTN	MICROSOFT	03/04/2019	9,715,003.91	2.000	08/08/2023	10,000,000.00	1,618	10,000,000.00	2.698	2.735	1,590
594918BQ6	17625	TREAS	MTN	MICROSOFT	03/04/2019	4,857,678.91	2.000	08/08/2023	5,000,000.00	1,618	5,000,000.00	2.697	2.734	1,590
94988J5R4	17591	TREAS	MTN	WELLS FARGO	08/14/2018	9,985,755.61	3.550	08/14/2023	10,000,000.00	1,826	10,000,000.00	3.537	3.586	1,596

**County of Fresno  
Inventory by Maturity Report**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
94988J5R4	17602	TREAS	MTN	WELLS FARGO	11/13/2018	9,888,768.40	3.550	08/14/2023	10,000,000.00	1,735	10,000,000.00	3.778	3.830	1,596
3130AFRW9	17621	TREAS	FAC	FEDERAL HOME LOAN	02/28/2019	20,104,252.19	2.700	08/28/2023	20,000,000.00	1,642	20,000,000.00	2.539	2.574	1,610
3130AFRW9	17623	TREAS	FAC	FEDERAL HOME LOAN	03/01/2019	20,082,525.05	2.700	08/28/2023	20,000,000.00	1,641	20,000,000.00	2.570	2.606	1,610
3135G0U43	17631	TREAS	FAC	FEDERAL NATIONAL	03/27/2019	20,554,333.22	2.875	09/12/2023	20,000,000.00	1,630	20,000,000.00	2.214	2.245	1,625
89236TDK8	17628	TREAS	MTN	TOYOTA MOTOR CREDIT	03/07/2019	2,923,324.73	2.250	10/18/2023	3,000,000.00	1,686	3,000,000.00	3.021	3.063	1,661
3133EJ5W5	17618	TREAS	FAC	FEDERAL FARM CREDIT	02/26/2019	2,960,614.19	2.650	10/23/2023	2,945,000.00	1,700	2,945,000.00	2.548	2.583	1,666
3130AFQL4	17614	TREAS	FAC	FEDERAL HOME LOAN	01/18/2019	9,977,275.40	2.640	10/27/2023	10,000,000.00	1,743	10,000,000.00	2.662	2.699	1,670
3130AFQL4	17619	TREAS	FAC	FEDERAL HOME LOAN	02/26/2019	4,931,754.88	2.640	10/27/2023	4,905,000.00	1,704	4,905,000.00	2.548	2.583	1,670
3130A0F70	17613	TREAS	FAC	FEDERAL HOME LOAN	01/18/2019	10,318,538.86	3.375	12/08/2023	10,000,000.00	1,785	10,000,000.00	2.692	2.730	1,712
89236TFS9	17612	TREAS	MTN	TOYOTA MOTOR CREDIT	01/09/2019	12,186,134.44	3.350	01/08/2024	12,250,000.00	1,825	12,250,000.00	3.425	3.472	1,743
46632FPT6	17627	TREAS	MTN	JP MORGAN	03/06/2019	30,000,000.00	3.050	01/26/2024	30,000,000.00	1,787	30,000,000.00	3.009	3.050	1,761
594918BX1	17629	TREAS	MTN	MICROSOFT	03/07/2019	10,024,756.94	2.875	02/06/2024	10,000,000.00	1,797	10,000,000.00	2.835	2.875	1,772
3133EKBW5	17620	TREAS	FAC	FEDERAL FARM CREDIT	02/28/2019	20,019,551.75	2.610	02/27/2024	20,000,000.00	1,825	20,000,000.00	2.555	2.590	1,793
3133EKBW5	17622	TREAS	FAC	FEDERAL FARM CREDIT	03/01/2019	19,990,067.26	2.610	02/27/2024	20,000,000.00	1,824	20,000,000.00	2.591	2.627	1,793
<b>Subtotal and Average</b>						<b>3,857,429,169.47</b>			<b>3,859,822,013.90</b>		<b>3,859,822,013.90</b>	<b>2.147</b>	<b>2.177</b>	<b>750</b>
<b>Net Maturities and Average</b>						<b>3,857,429,169.47</b>			<b>3,859,822,013.90</b>		<b>3,859,822,013.90</b>	<b>2.147</b>	<b>2.177</b>	<b>750</b>



# Quarterly Economic and Market Update

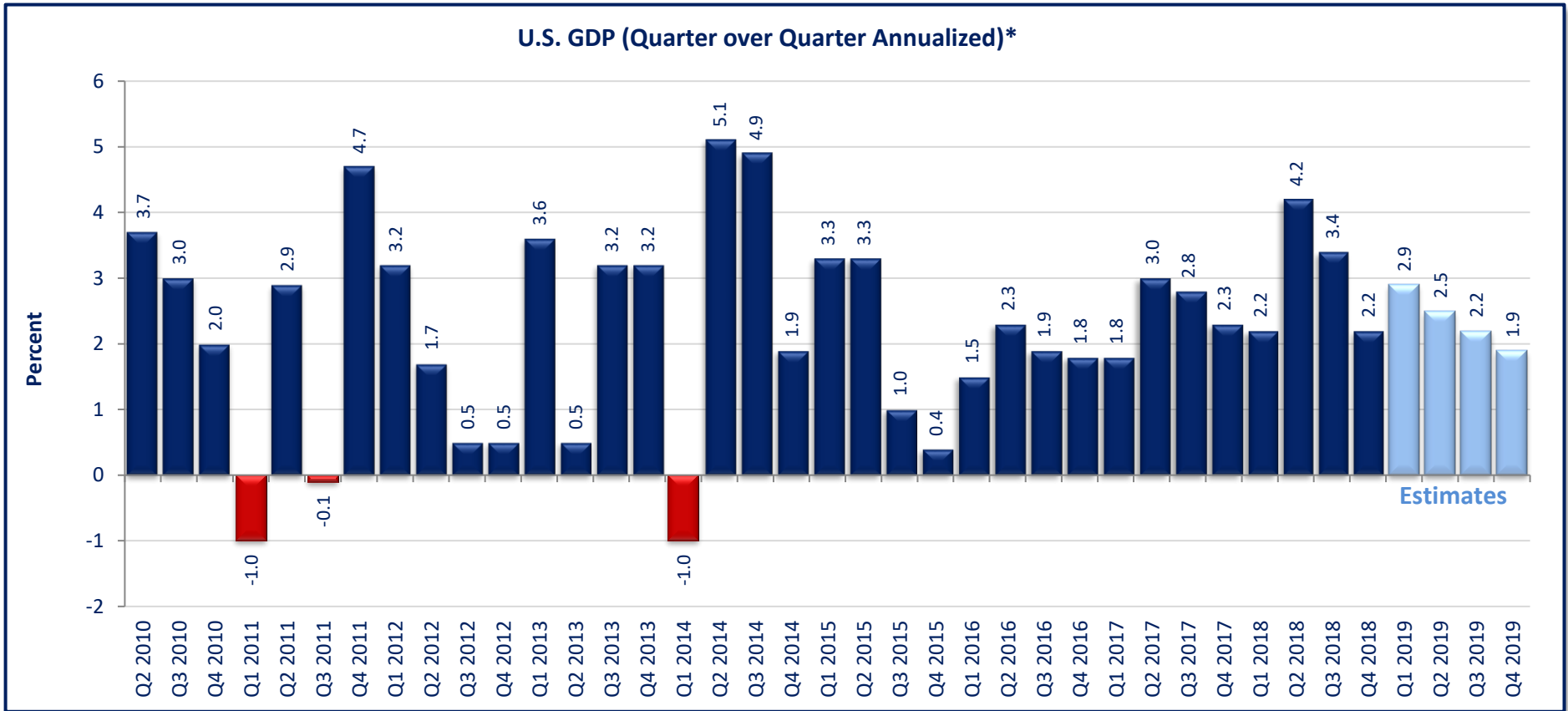
**March 2019**

Item	3/31/2019	12/31/2018	Change
U.S. Payrolls Monthly Change	196,000	227,000	(31,000)
Unemployment Rate	3.8%	3.9%	(0.1%)
Labor Force Participation	63.0%	63.1%	(0.1%)
Effective Fed Funds Rate	2.43%	2.40%	0.03%
3 Month T-Bill	2.39%	2.36%	0.03%
2 Year T-Note	2.26%	2.49%	(0.23%)
3 Year T-Note	2.21%	2.46%	(0.25%)
5 Year T-Note	2.23%	2.51%	(0.28%)
10 Year T-Note	2.41%	2.69%	(0.28%)
U.S. Fed Debt Avg Yield*	2.50%	2.46%	0.04%
30 Year Mortgage Rate	4.08%	4.51%	(0.43%)
1-5 Yr Agency Spread	0.04%	0.06%	(0.02%)
1-5 Yr A-AAA Corporate Spread	0.56%	0.58%	(0.02%)
Dow Jones	25,929	23,327	11.2%
S&P 500	2,834	2,507	13.1%
Consumer Price Index YOY*	1.6%	1.9%	(0.3%)
U.S. Avg Regular Unleaded	\$2.69	\$2.26	\$0.44
Retail Sales YOY*	2.0%	1.6%	0.4%
Case-Shiller Home Prices YOY*	3.6%	4.1%	(0.6%)
Gold (per ounce)	\$1,292.38	\$1,282.49	\$9.89
Dollar Index	97.28	96.17	1.11
Consumer Confidence	124.1	126.6	(2.5)

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

Sources: FTN Main Street and Bloomberg



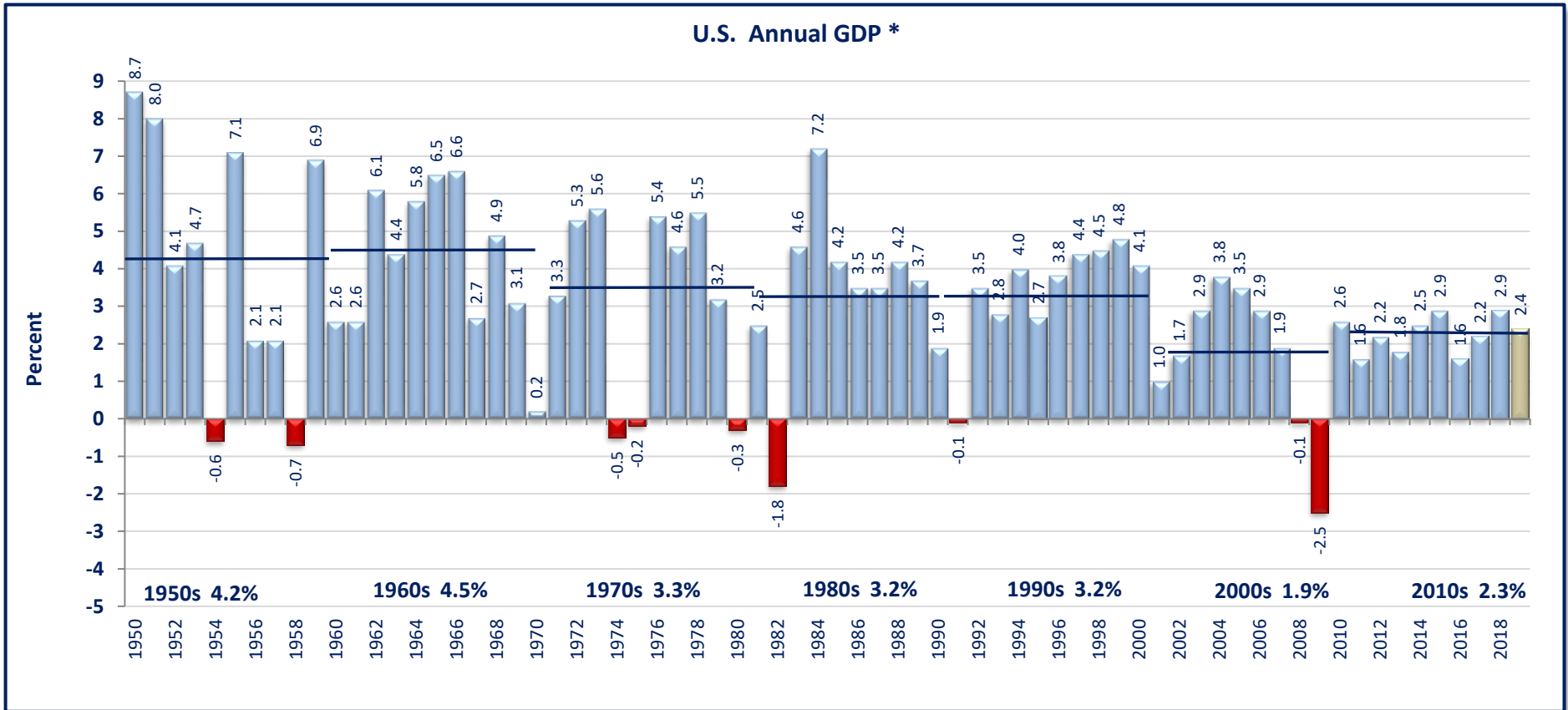


\* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

Estimate: Bloomberg's Survey of Economists

As of: 2/28/19

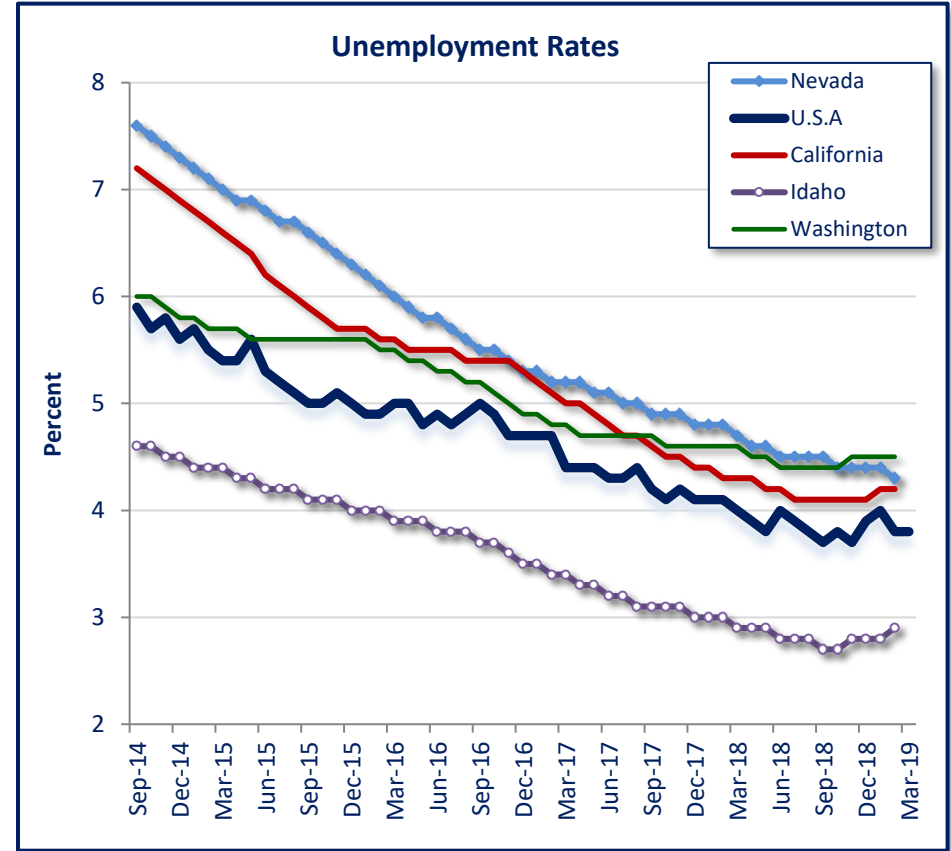
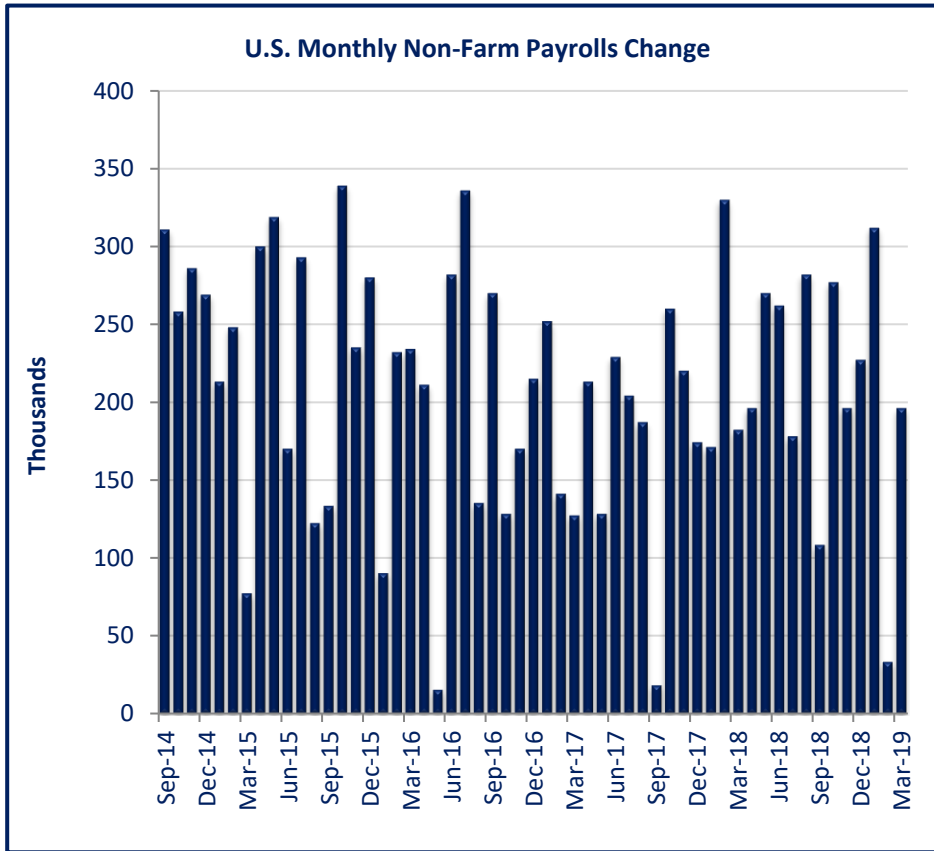


\* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

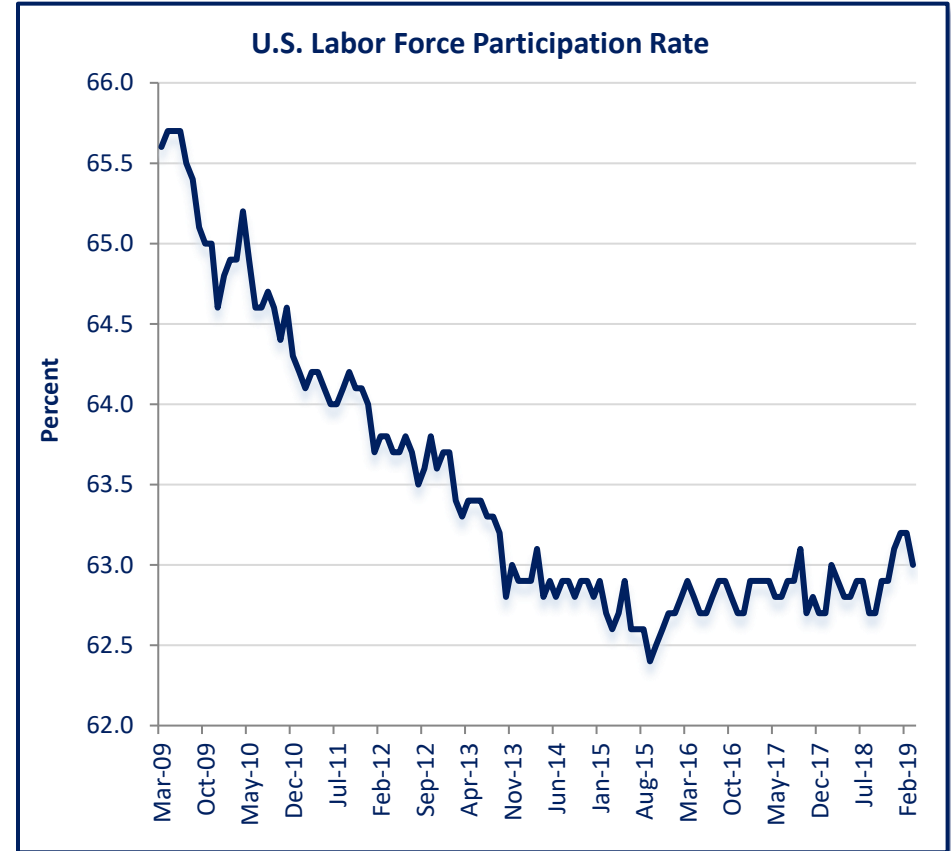
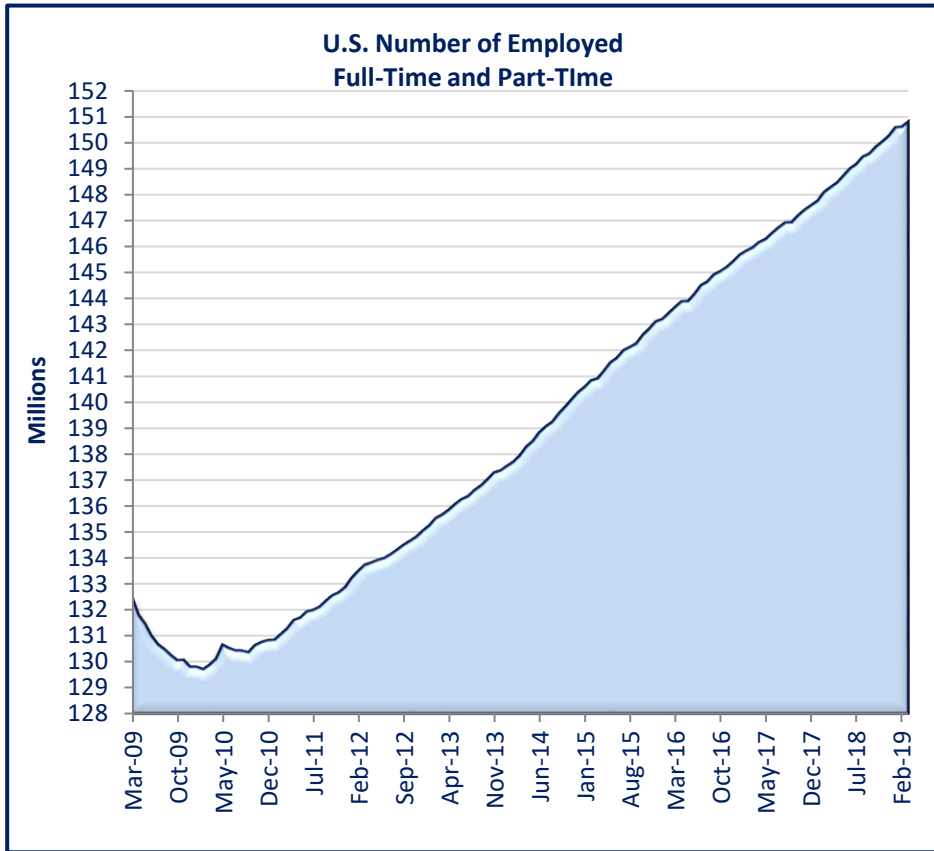
Estimate: Bloomberg's Survey of Economists

As of: 2/28/19

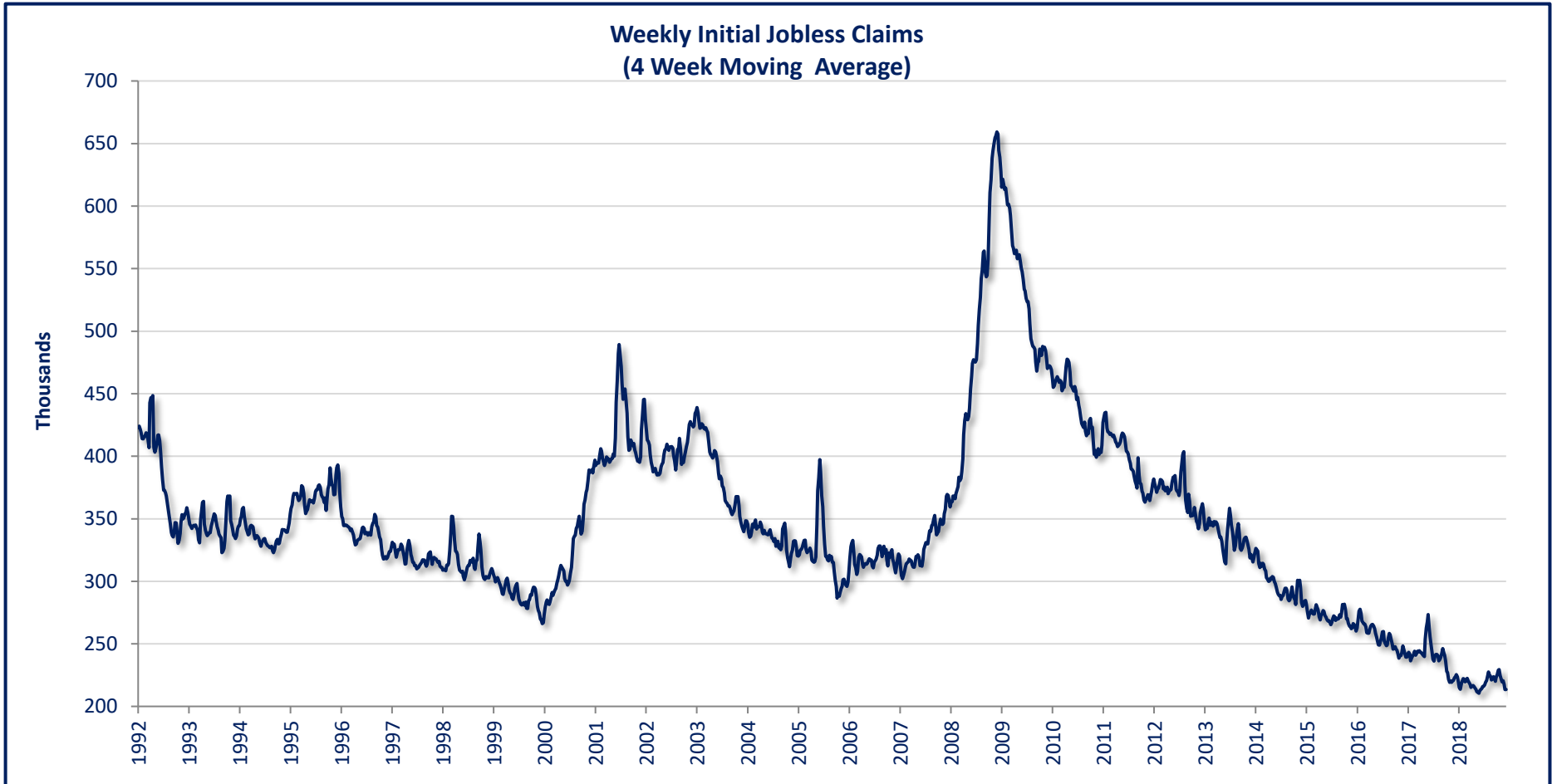


**12 Month Average Job Change**                      **211,417**

Source: Bureau of Labor Statistics

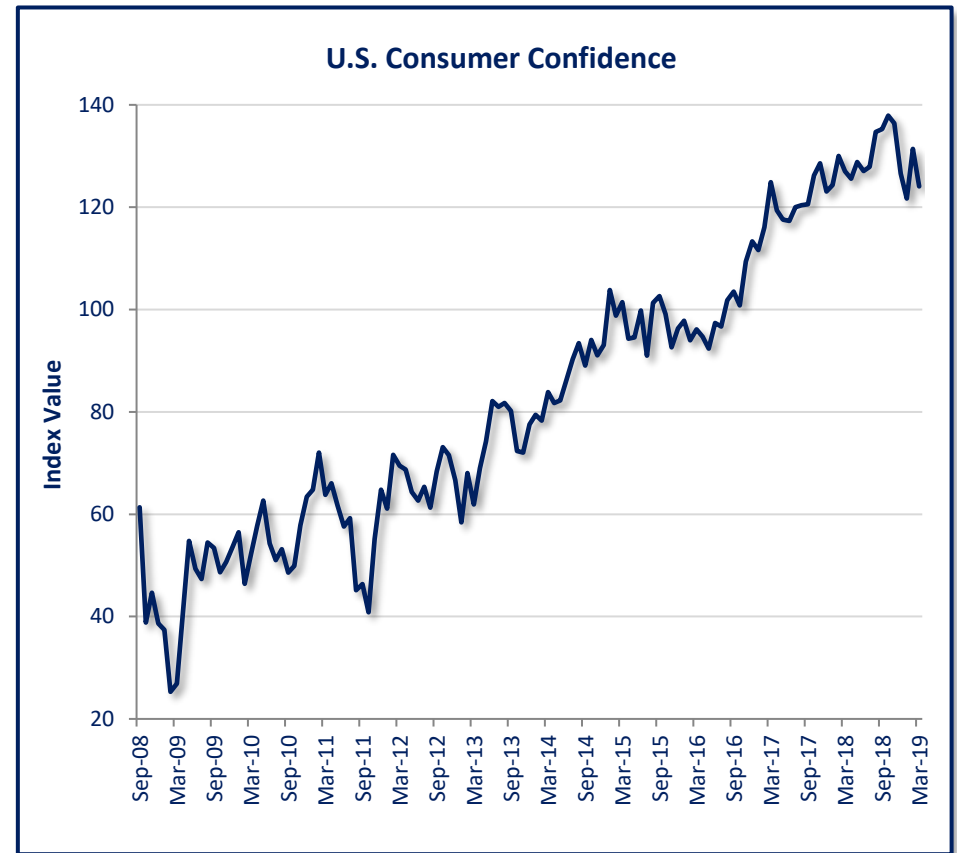
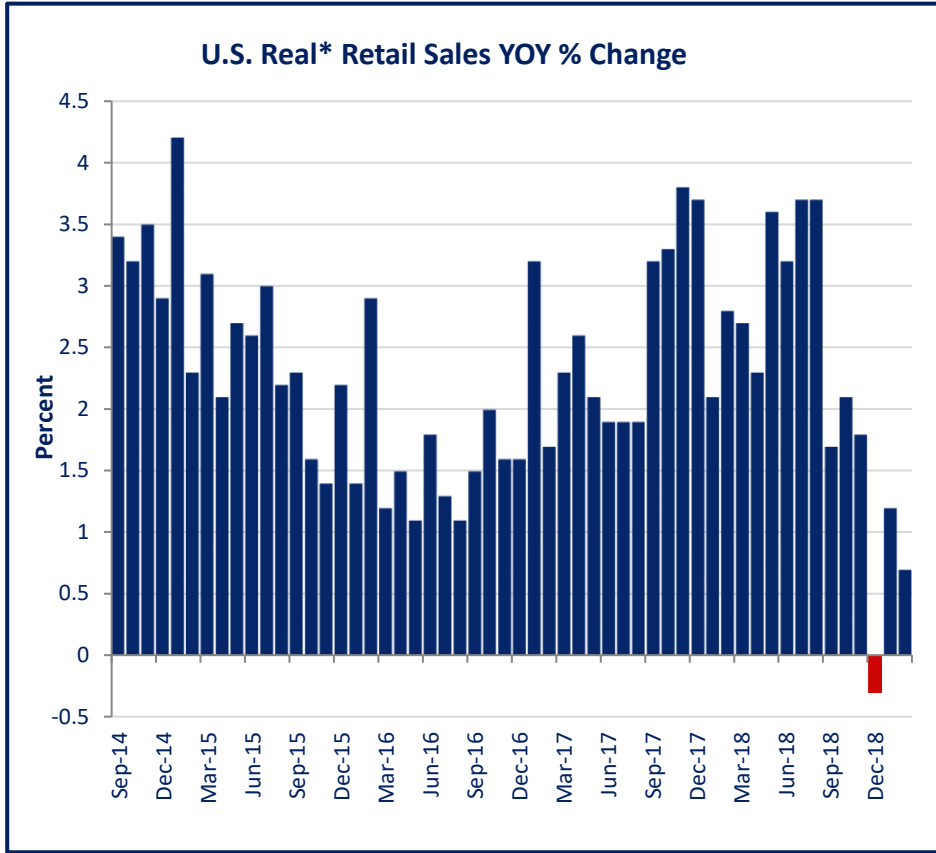


Source: Bureau of Labor Statistics



Weekly Initial Jobless Claims is the actual number of people who have filed for Unemployment benefits for the first time. The following five eligibility criteria must be met in order to file for unemployment benefits: 1. Meet the requirements of time worked during a 1 year period (full time or not). 2. Become unemployed through no fault of your own (cannot be fired). 3. Must be able to work; no physical or mental holdbacks. 4. Must be available for work. 5. Must be actively seeking work.

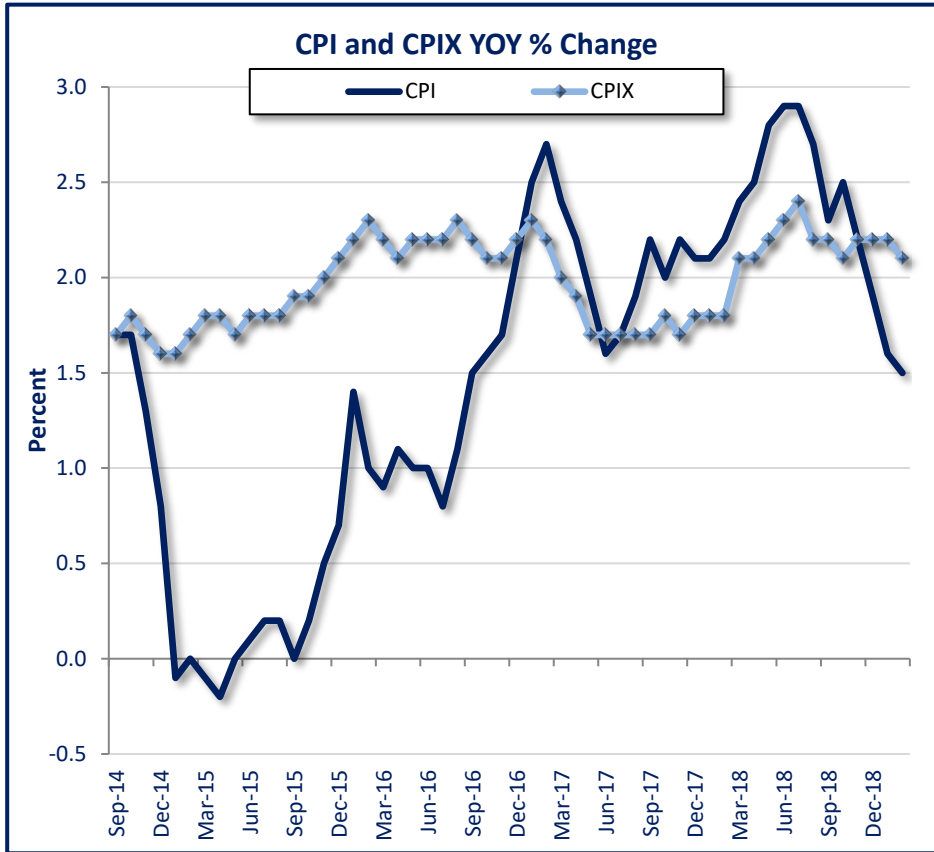
Source: Department of Labor and Bloomberg



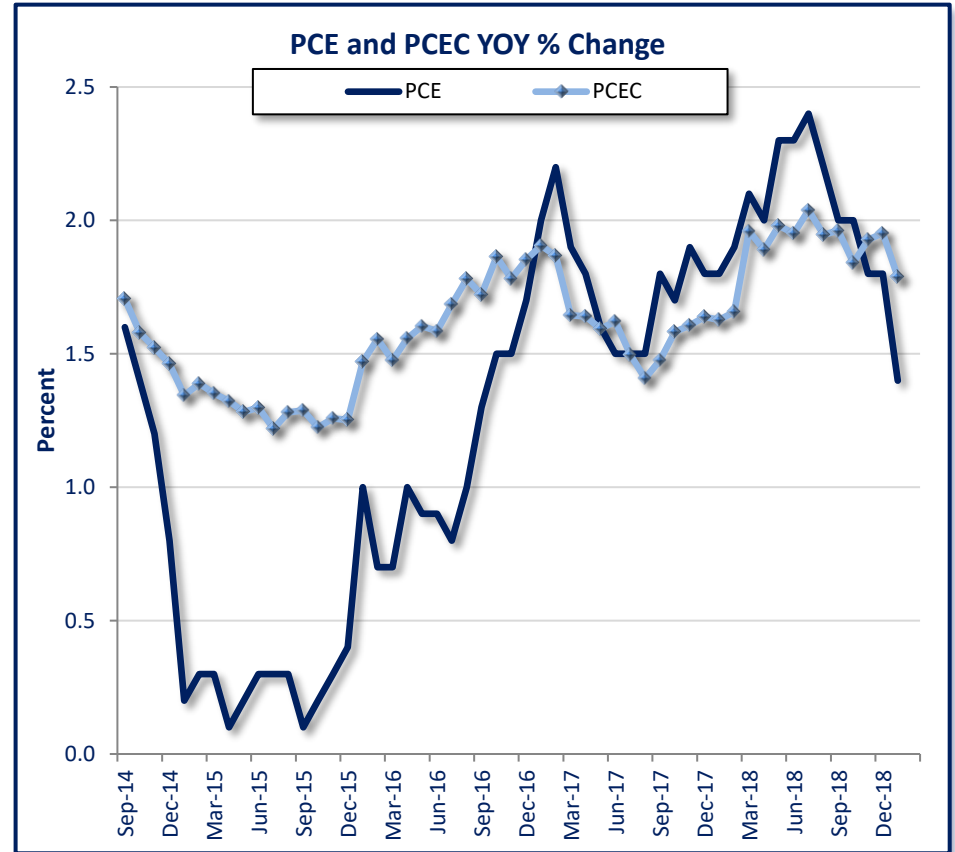
\*Real: Inflation Adjusted

Source: U.S. Census Bureau

Source: Conference Board

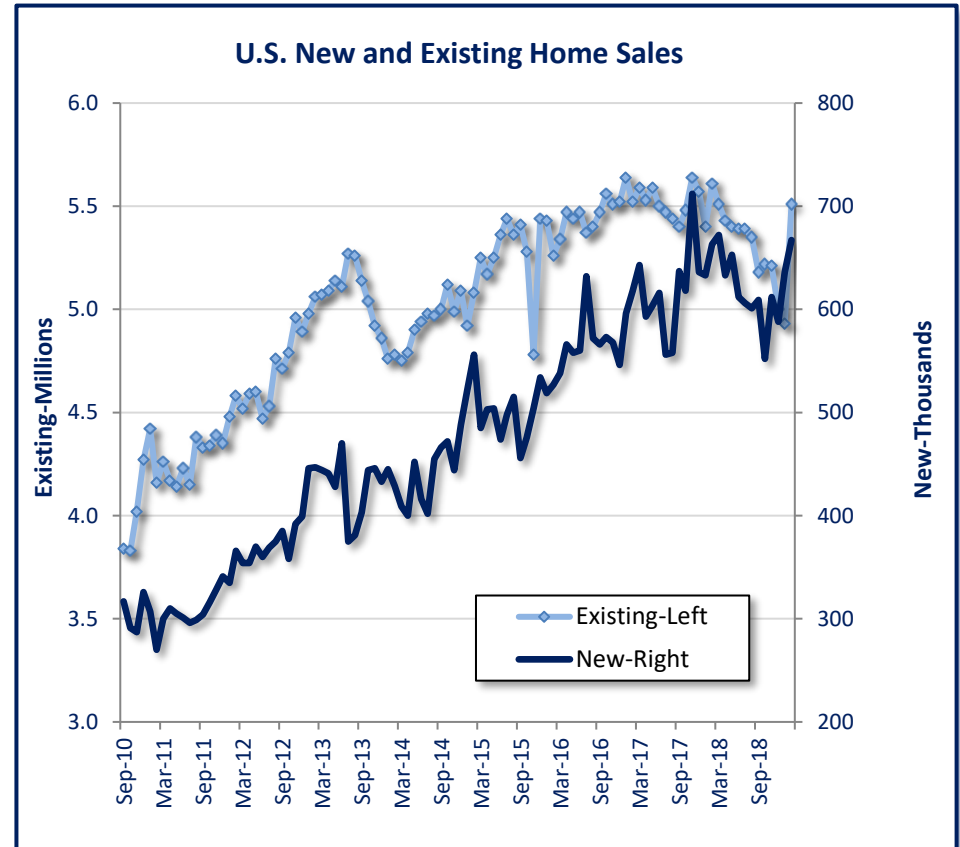
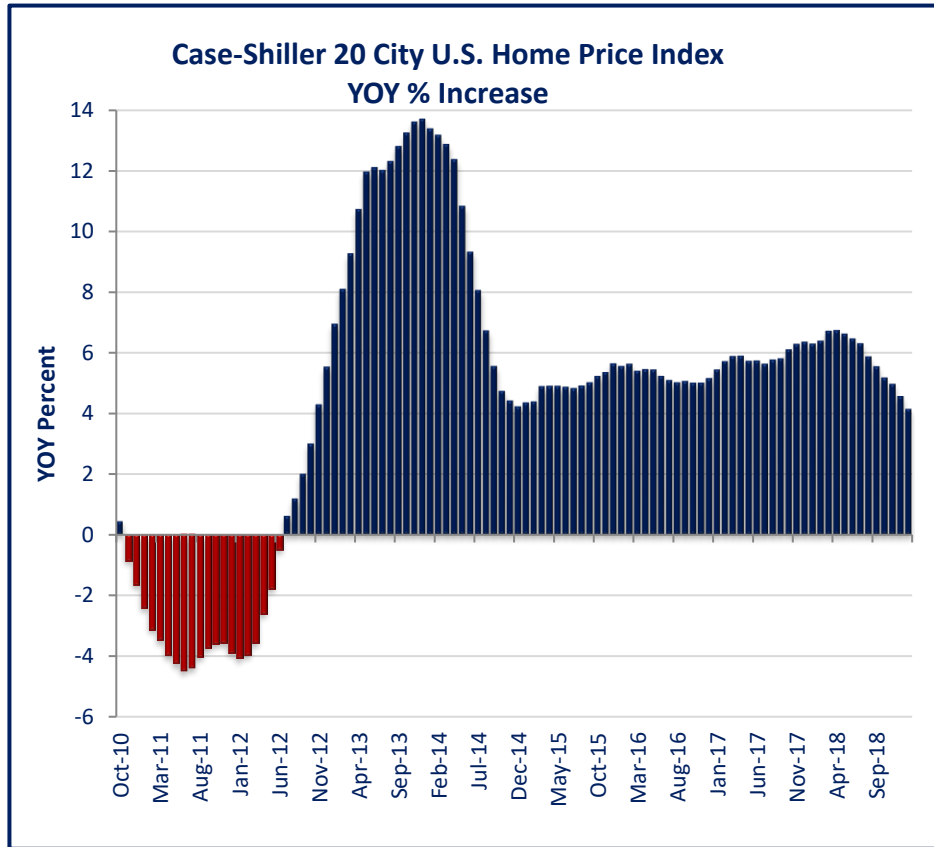


CPIX: Consumer Price Index, excluding food and energy



PCEC: Personal Consumption Expenditure Core

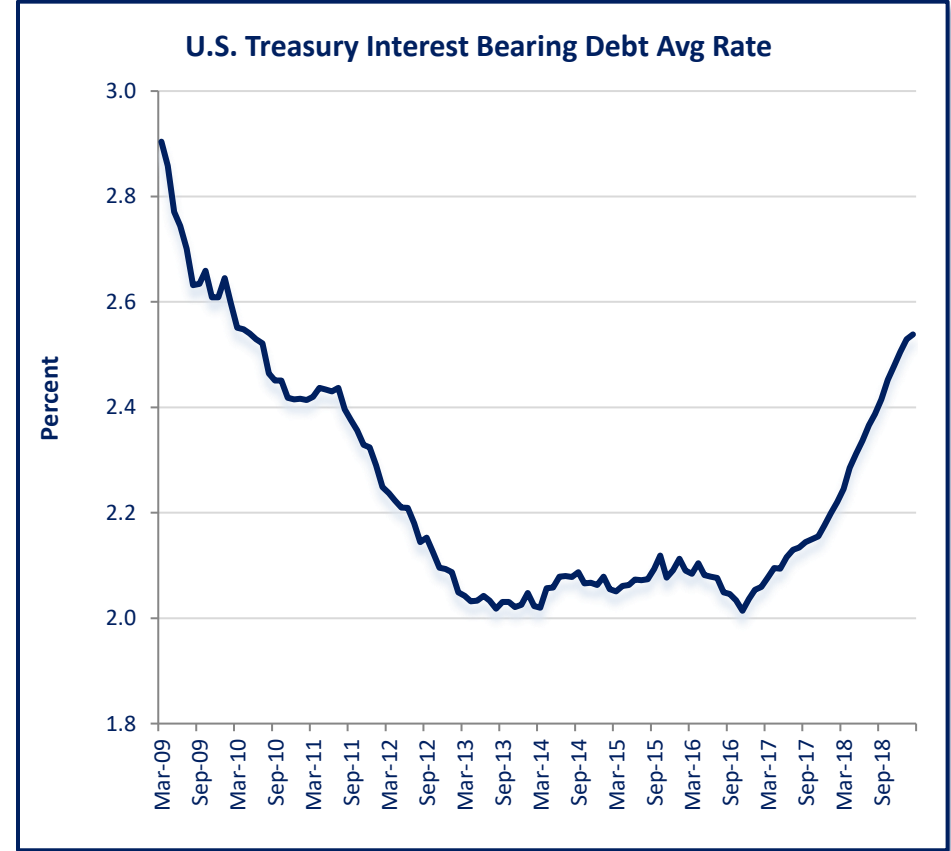
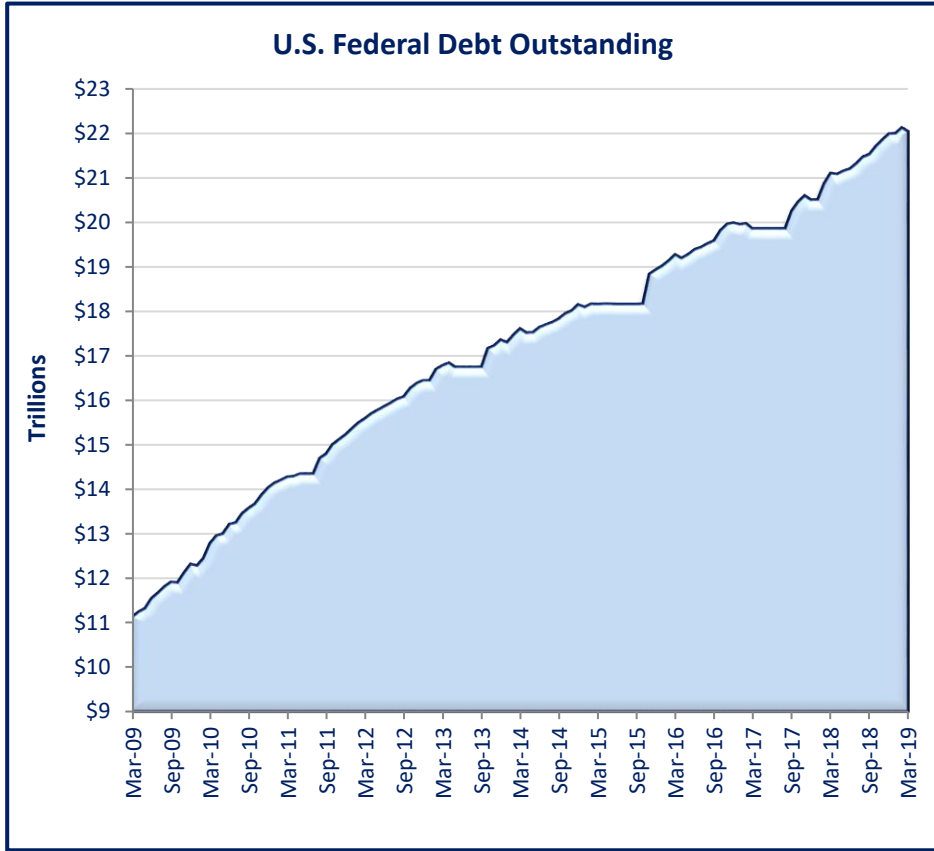
Source: Bureau of Labor Statistics and Bureau of Economic Analysis



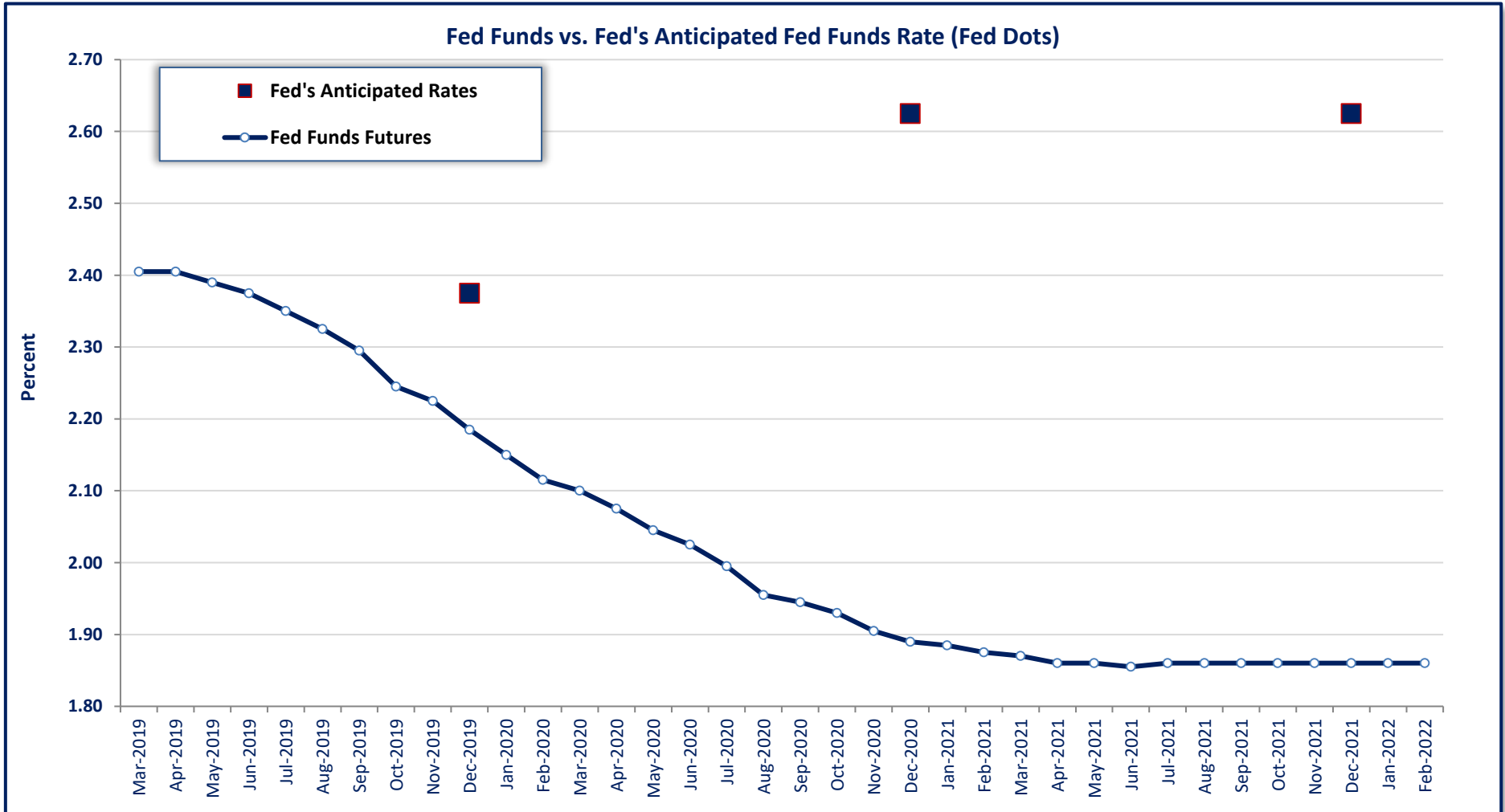
Source: Case-Shiller

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



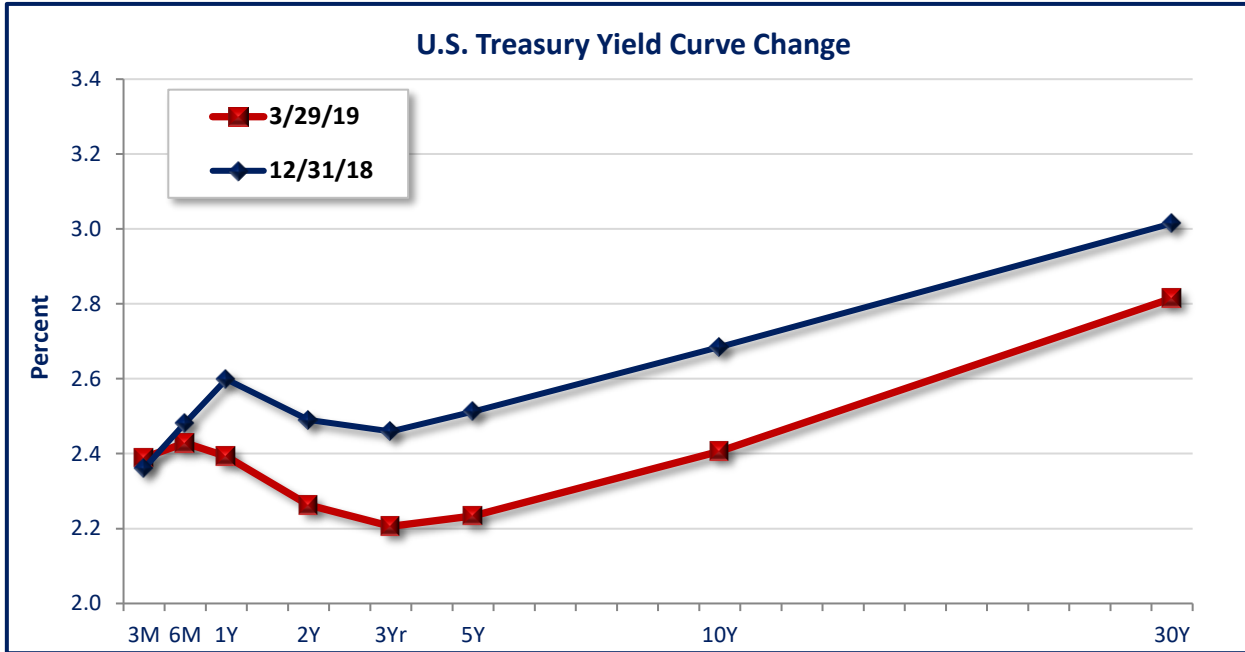


Source: U.S. Treasury

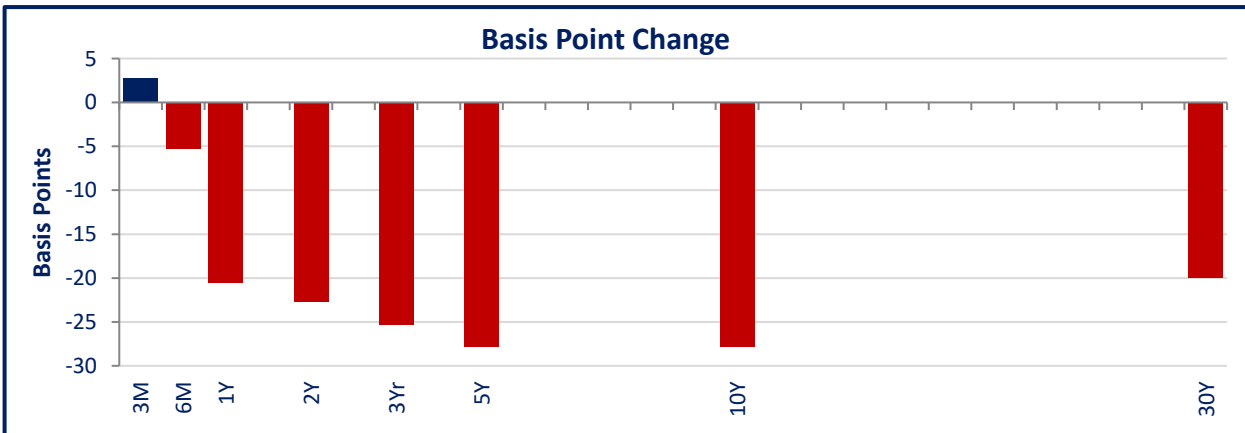


Fed Funds Anticipated Rate from the December 19, 2018 FOMC Meeting

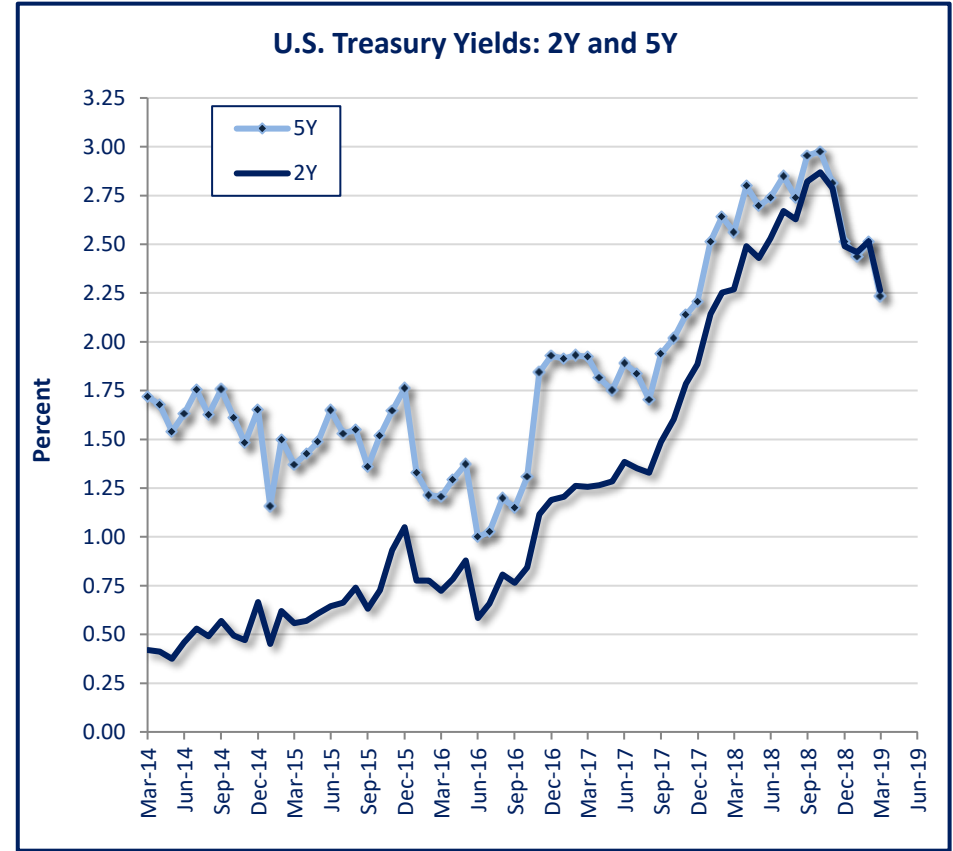
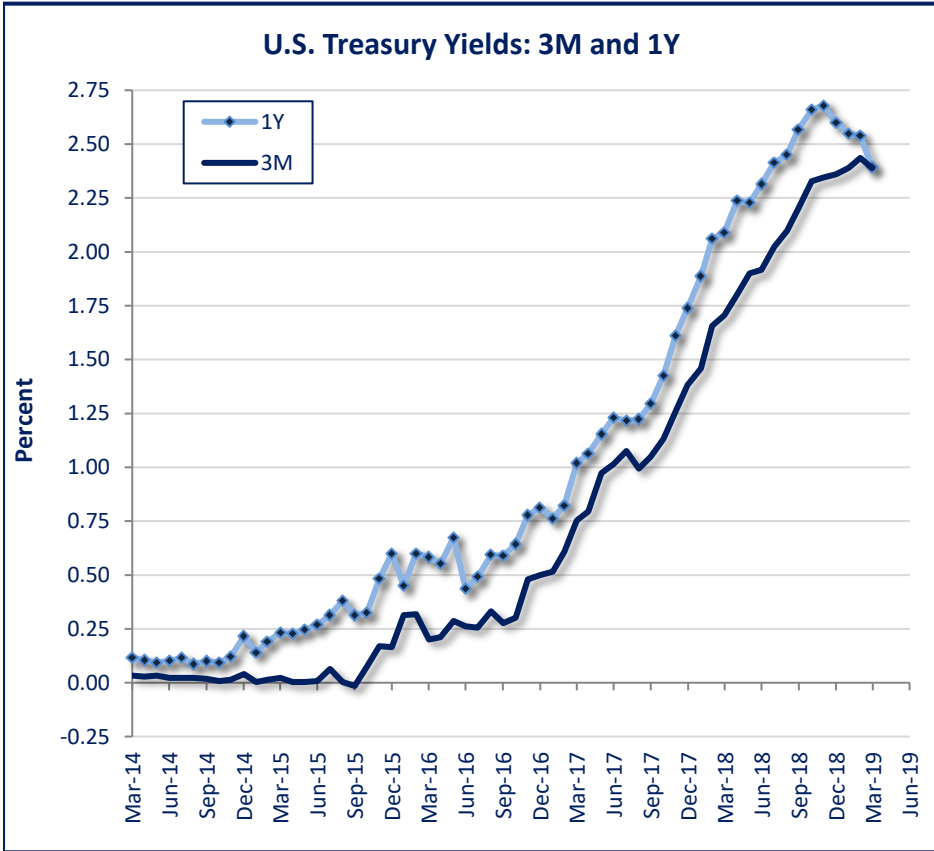
Source: Bloomberg



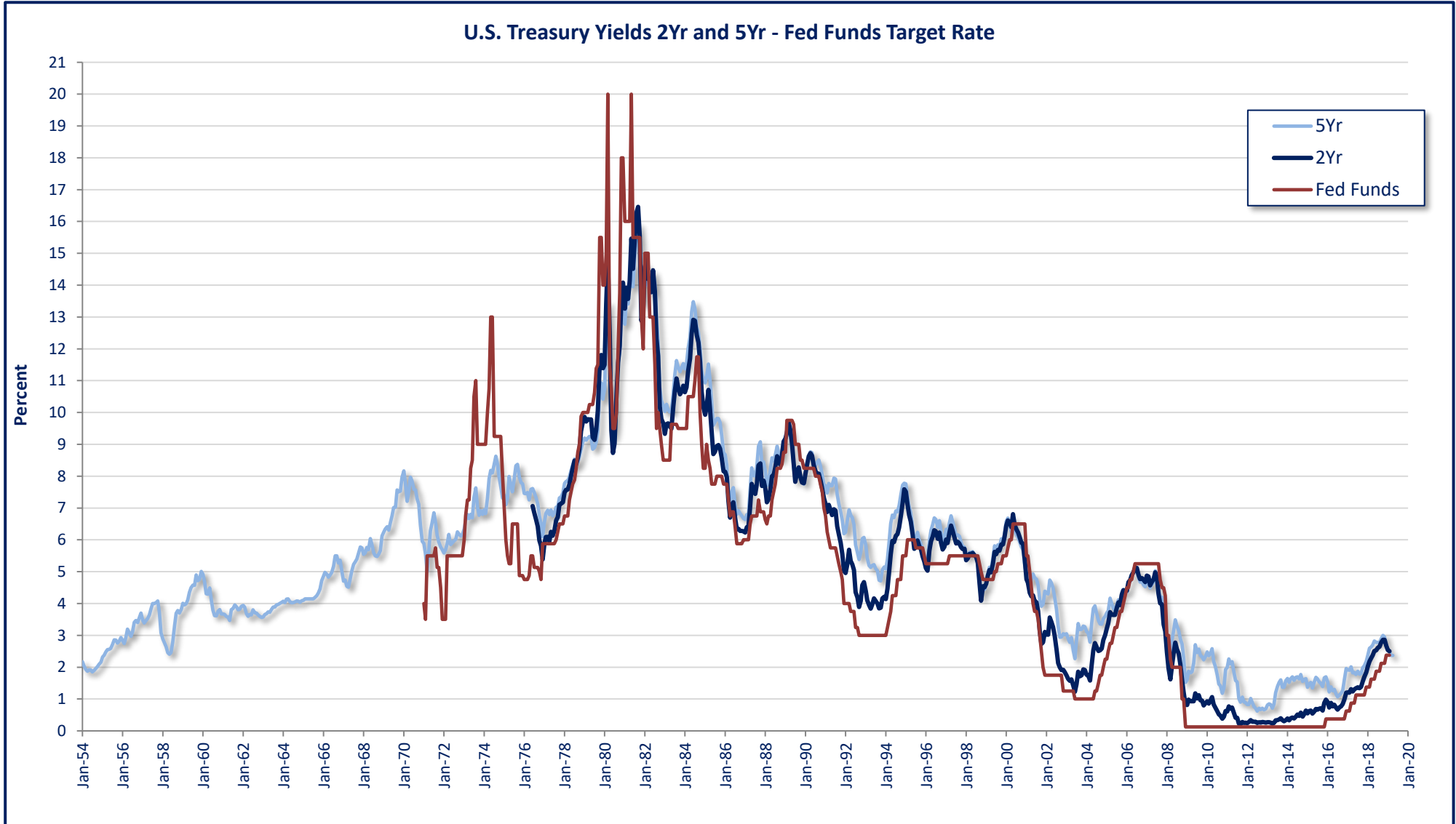
Maturity	12/31/18	3/29/19	Change
3M	2.36	2.39	0.03
6M	2.48	2.43	-0.05
1Y	2.60	2.39	-0.21
2Y	2.49	2.26	-0.23
3Y	2.46	2.21	-0.25
5Y	2.51	2.23	-0.28
10Y	2.69	2.41	-0.28
30Y	3.02	2.82	-0.20



Source: Bloomberg  
 Figures may not total due to rounding



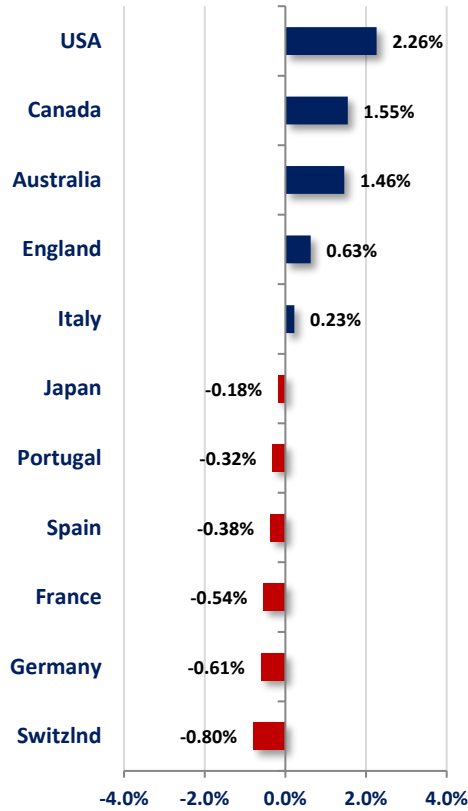
Source: Bloomberg



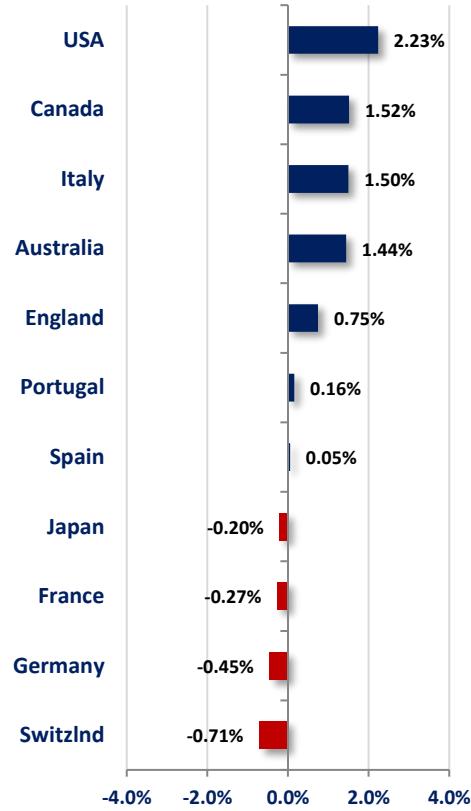
Source: Bloomberg

**Global Treasury Rates**

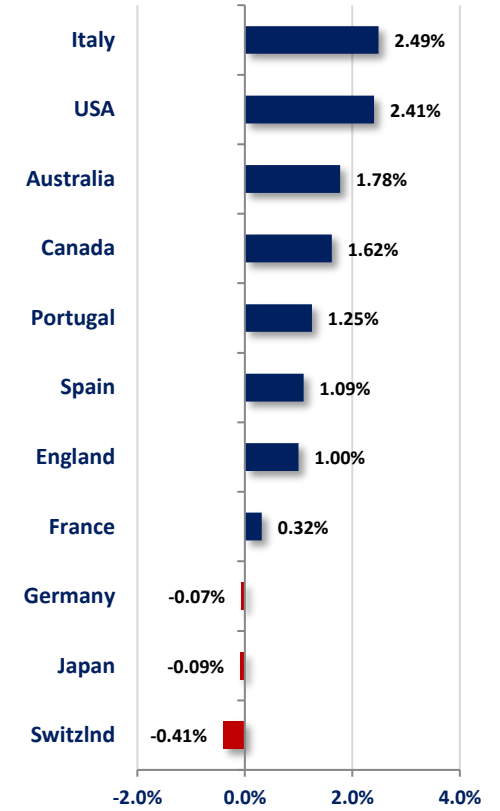
**2 Year Yields**



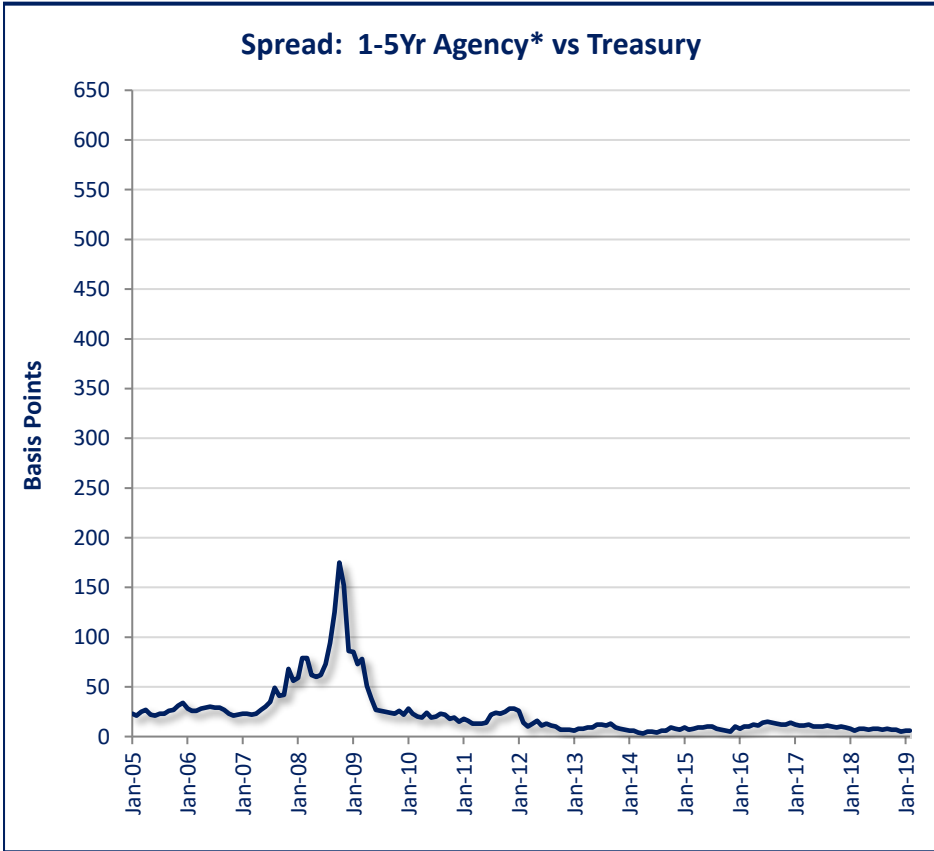
**5 Year Yields**



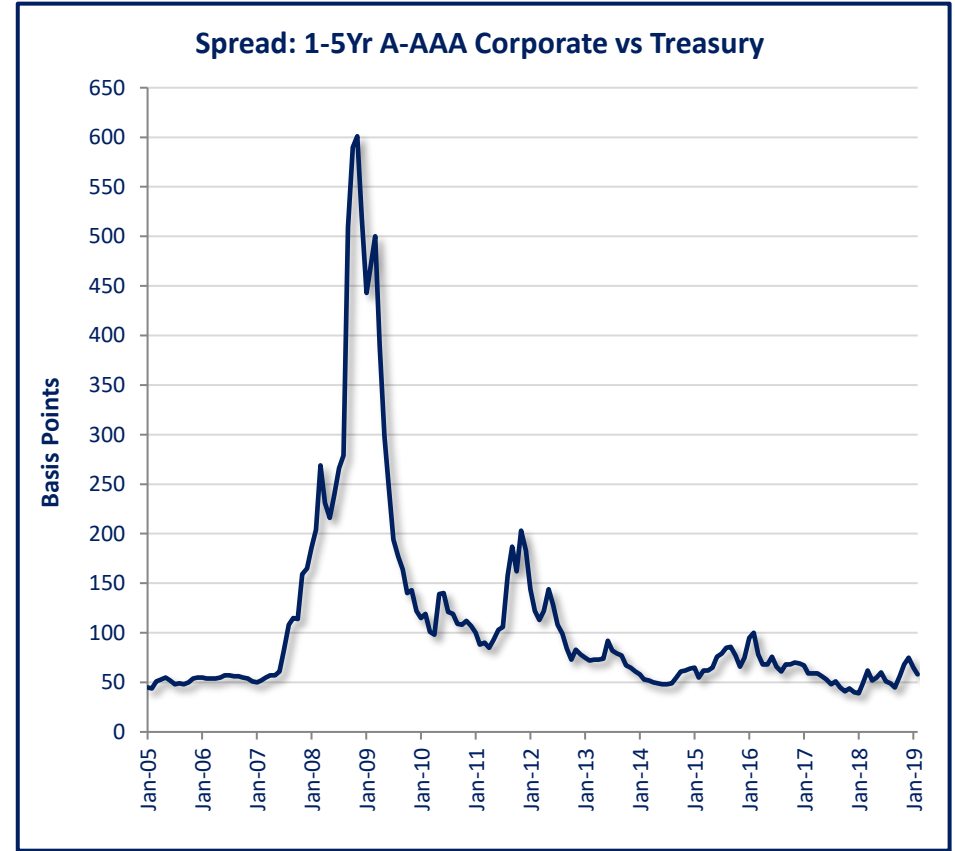
**10 Year Yields**



Source: Bloomberg



Current Spread is 4

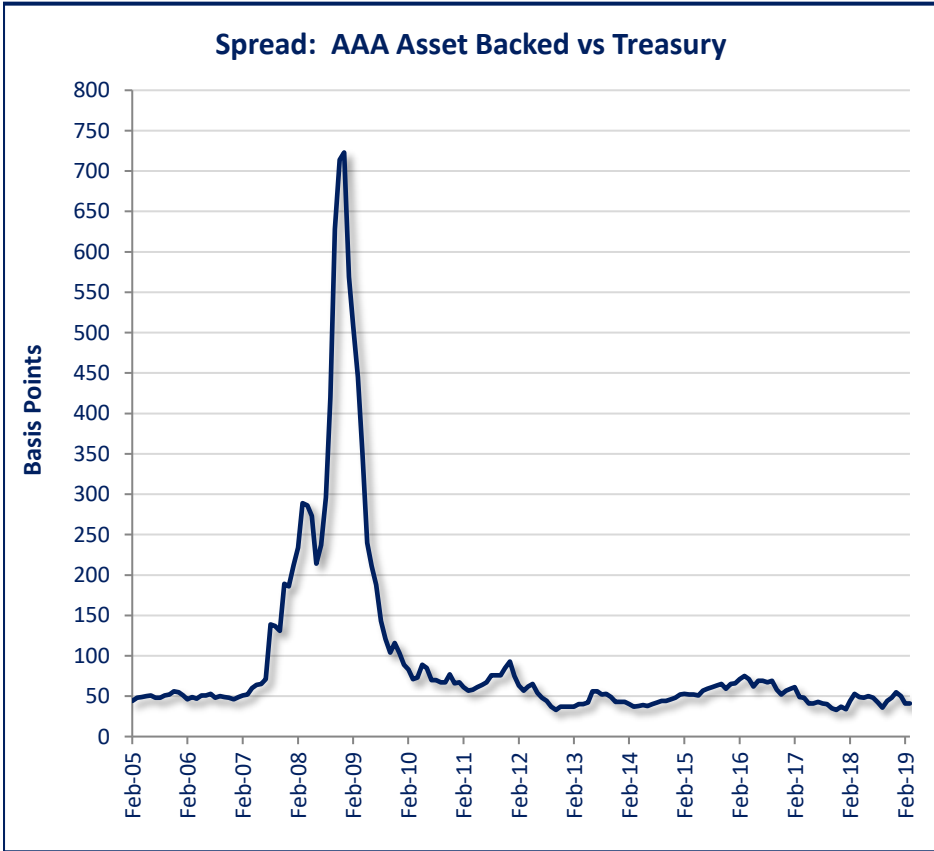


Current Spread is 56

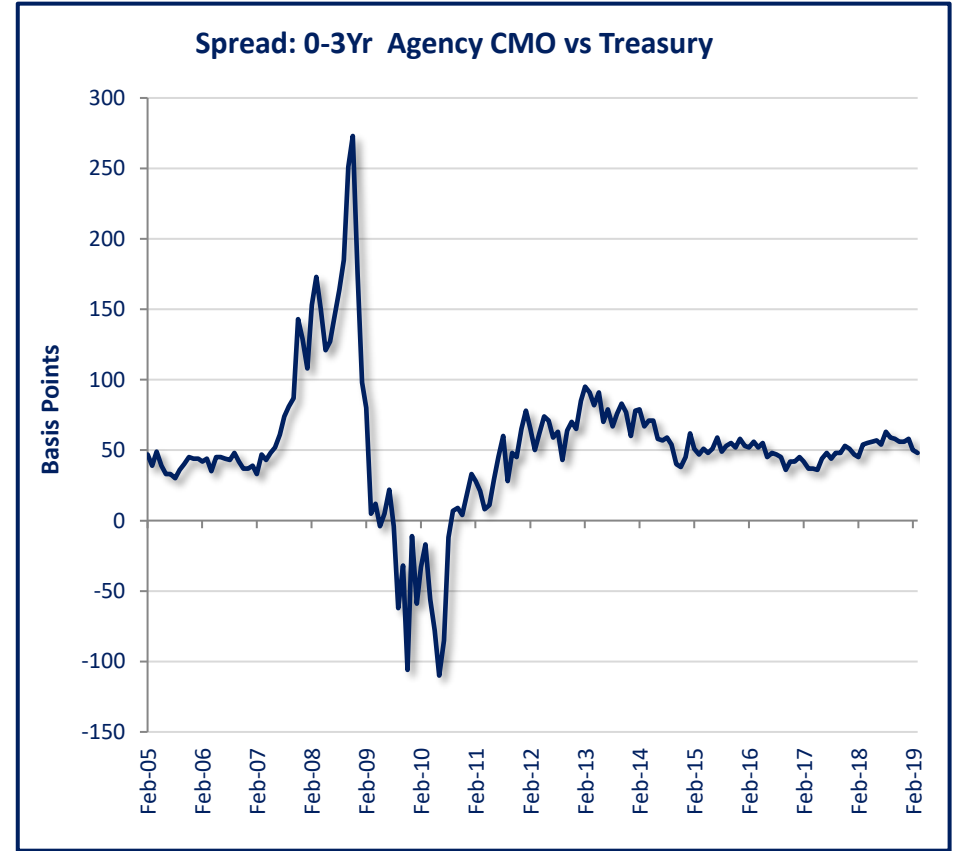
\*ICE BofAML Index (option adjusted spread vs. Treasury)  
 Agency (GVPO)

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

Source: ICE BofAML Indices



**Current Spread is 41**



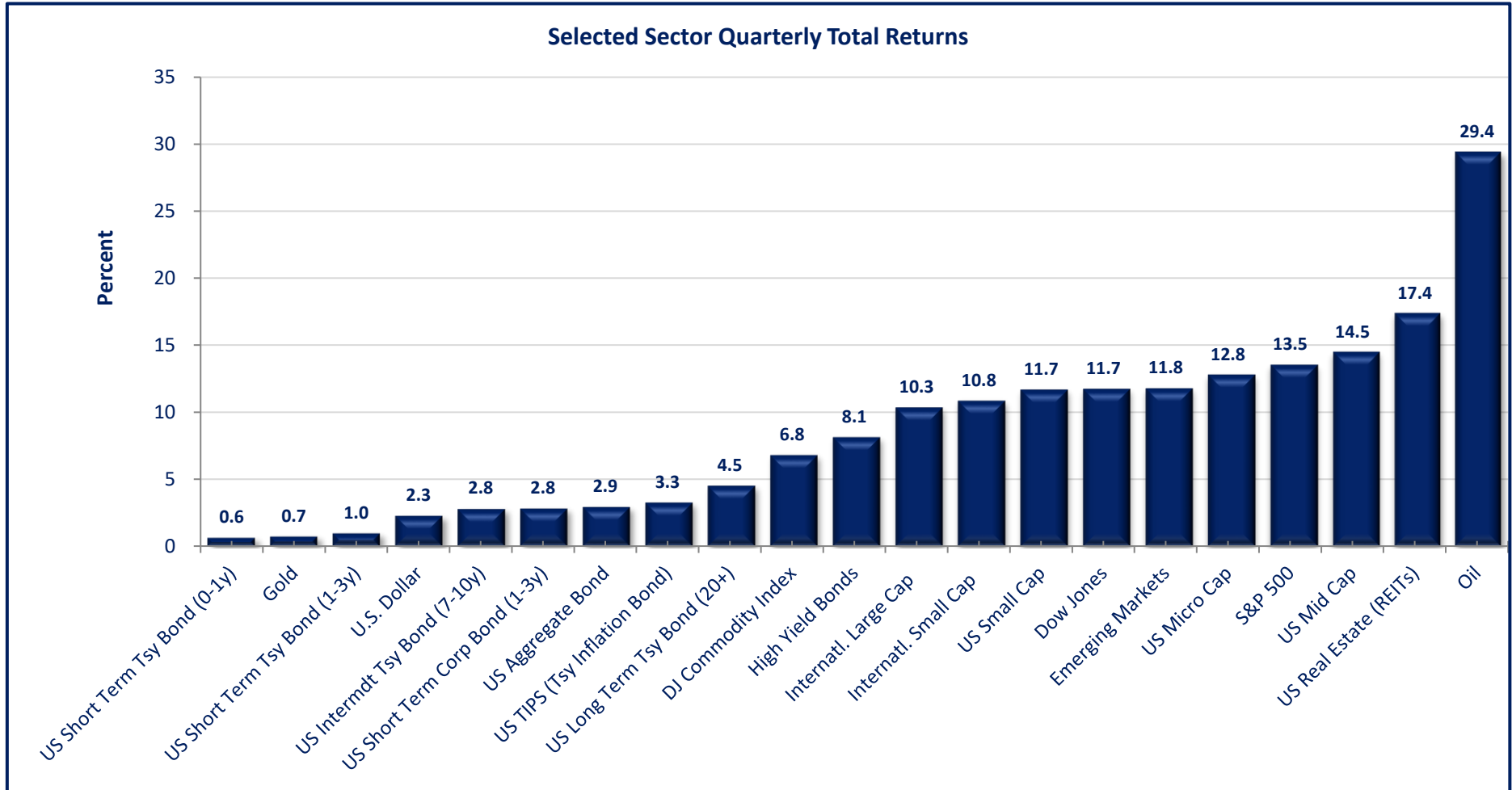
**Current Spread is 48**

\*ICE BofAML Index (option adjusted spread vs. Treasury)  
 AAA Rated ABS (ROA1)

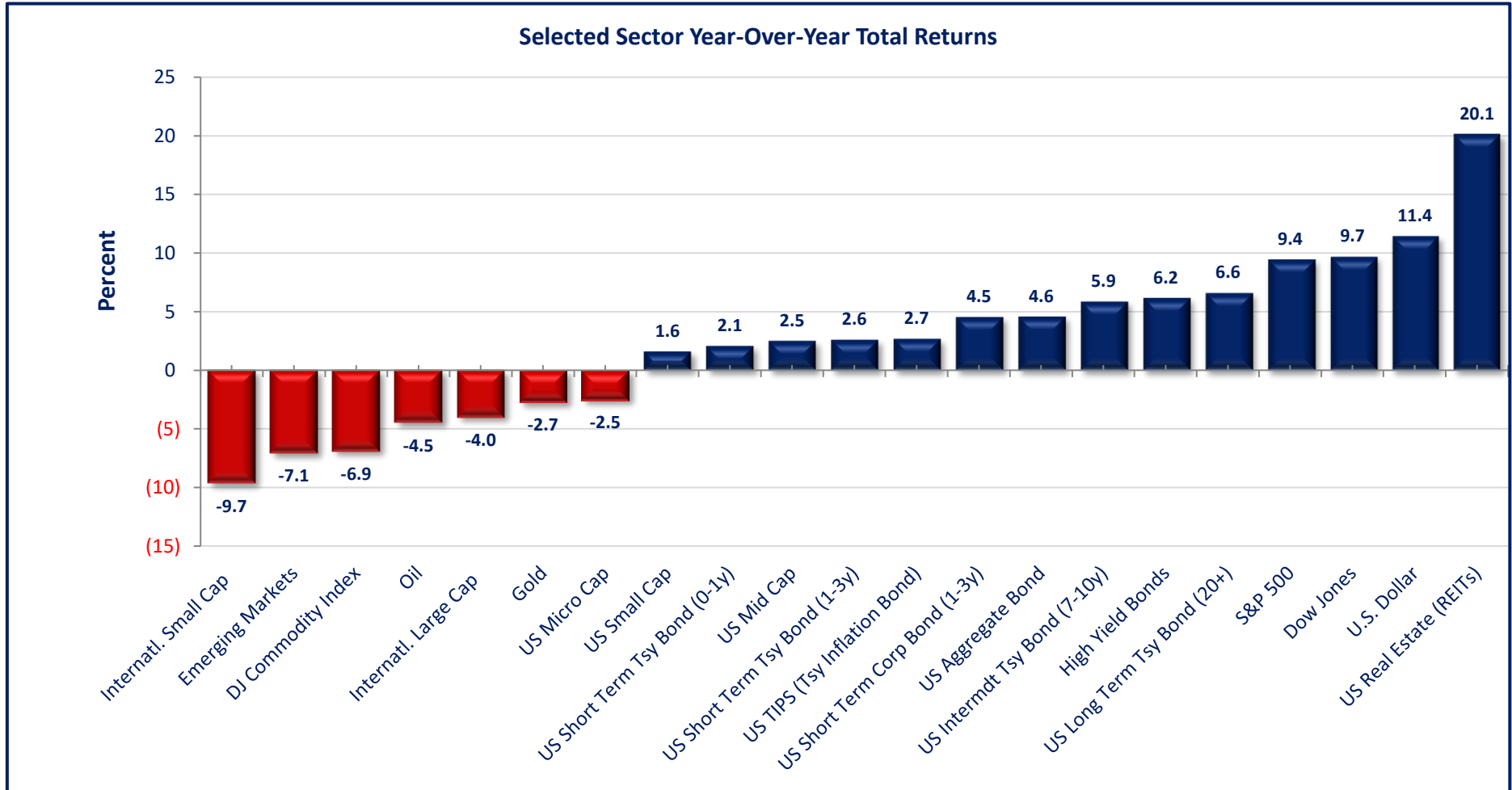
\*ICE BofAML Index (option adjusted spread vs. Treasury)  
 CMO Agency 0-3Yr PAC (CM1P)

Source: ICE BofAML Indices

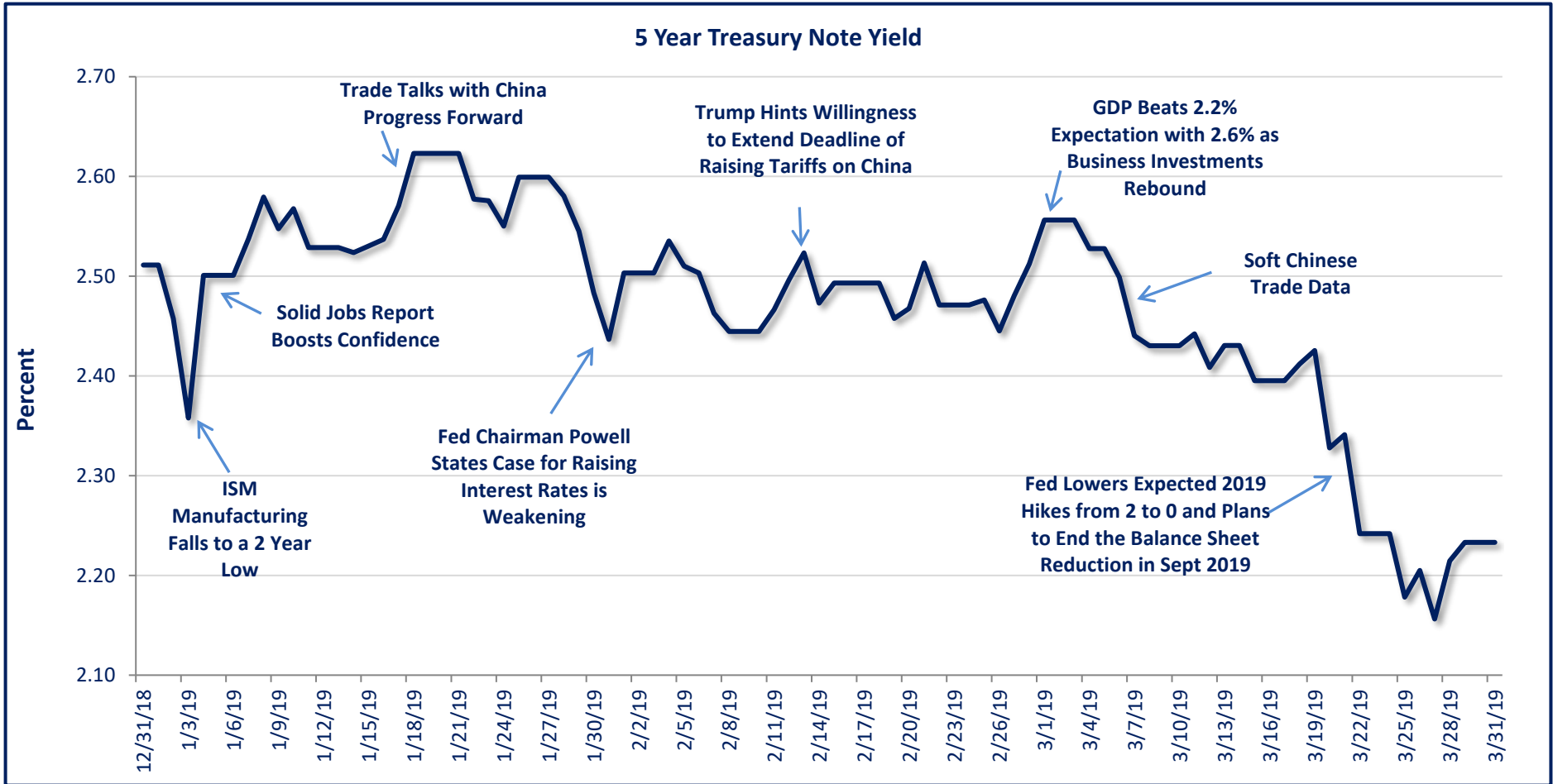




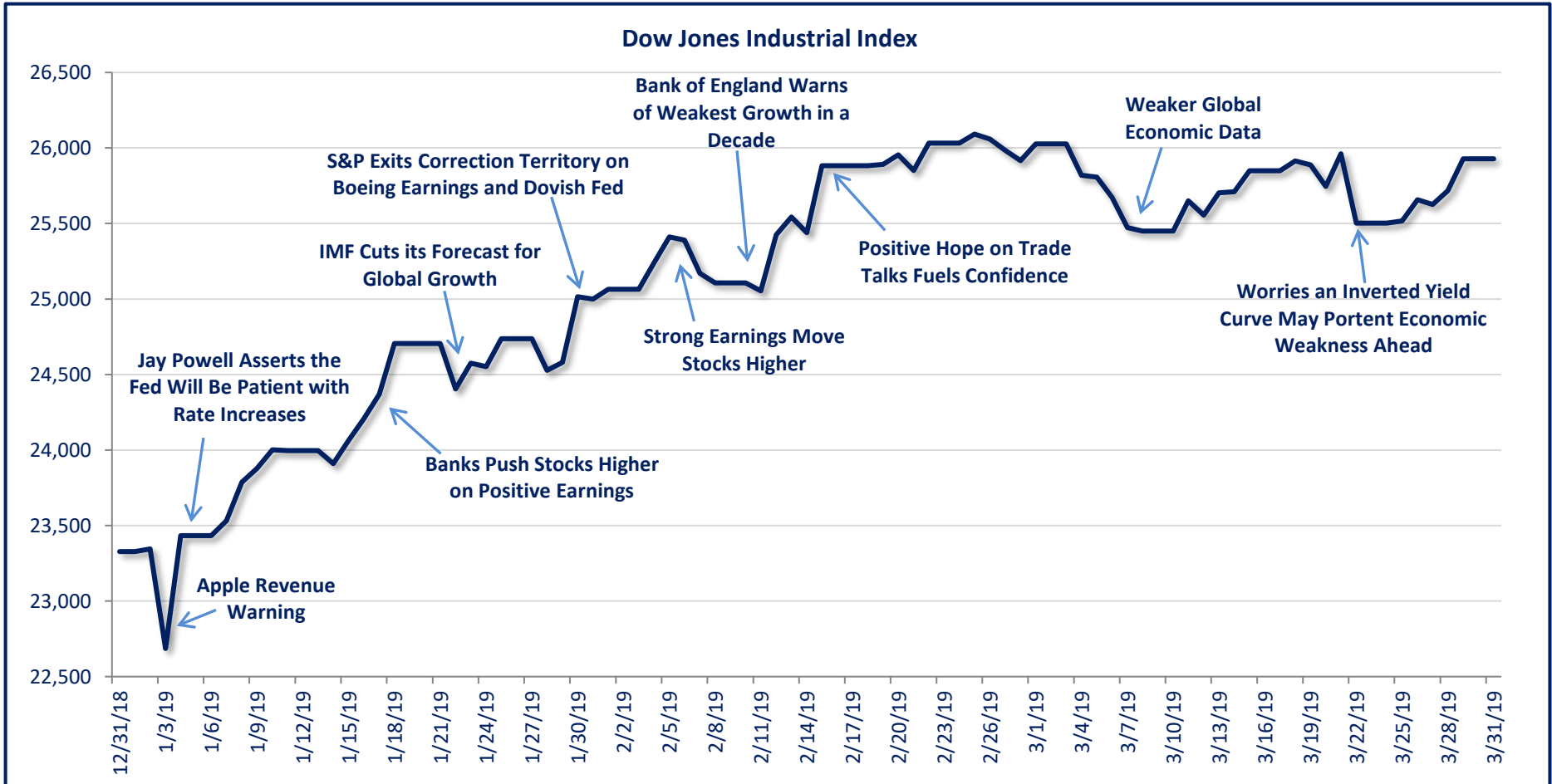
Source: Bloomberg



Source: Bloomberg



Sources: Bloomberg, FTN Main Street



Sources: Bloomberg, FTN Main Street

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**APPENDIX H**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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# 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