PRELIMINARY OFFICIAL STATEMENT DATED JUNE 5, 2019

NEW ISSUE-FULL BOOK-ENTRY **RATING: Moody's: "Aa3"**
(See "MISCELLANEOUS - Rating" herein)

In the opinion of Best Best & Krieger LLP, Riverside, California ("Bond Counsel"), subject to certain qualifications described herein, under existing statutes, regulations, rulings and judicial decisions interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, such interest is exempt from California personal income tax. See "TAX MATTERS" herein.

$35,000,000*
MADERA UNIFIED SCHOOL DISTRICT
(Madera County, California)
GENERAL OBLIGATION BONDS
ELECTION OF 2018, SERIES 2019

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

This Official Statement describes the $35,000,000* Madera Unified School District General Obligation Bonds, Election of 2018, Series 2019 (the "Bonds"). The Bonds are being issued by the Madera Unified School District (the "District") (i) to finance the acquisition and construction of certain school facilities and (ii) to pay costs of issuance of the Bonds. See "FINANCING PLAN."

The Bonds were authorized at a scheduled election of the registered voters of the District held on November 6, 2018, at which at least 55% of the persons voting on the proposition voted to authorize the issuance and sale of not to exceed $120,000,000 principal amount of general obligation bonds of the District to finance the construction of K-12 school facilities of the District.

The Bonds are general obligation bonds of the District. The Board of Supervisors of the County of Madera is empowered and is obligated to levy *ad valorem* taxes, without limitation of rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. The Bonds are secured on a parity with approximately $109,536,439† of other general obligations bonds of the District that will be outstanding following the issuance of the Bonds. See "SECURITY FOR THE BONDS," "TAX BASE FOR REPAYMENT OF BONDS - *Ad Valorem* Property Taxation" and "DISTRICT FINANCIAL INFORMATION - Long-Term District Debt," and "- General Obligation Bonds."

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

Interest on the Bonds will accrue from their date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the Paying Agent, Registrar and Transfer Agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants (defined in this Official Statement) who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry Only System."

The Bonds are subject to optional or mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS – Redemption." The Bonds are general obligation bonds of the District and do not constitute a debt, liability or obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

MATURITY SCHEDULE
(See Inside Cover Page)

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Best Best & Krieger LLP, Riverside, California, Bond Counsel. Certain legal matters will be passed on for the District by Best Best & Krieger LLP, Riverside, California, as Disclosure Counsel and District Counsel. Certain legal matters are being passed upon for the Underwriter by Kutak Rock LLP, Denver, Colorado, as Underwriter's Counsel. The Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about June 26, 2019.*

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

* Preliminary, subject to change.
† Outstanding as of June 1, 2019.

$35,000,000*
MADERA UNIFIED SCHOOL DISTRICT
(Madera County, California)
GENERAL OBLIGATION BONDS
ELECTION OF 2018, SERIES 2019

Base CUSIP®[(1)]: ________

MATURITY SCHEDULE

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP®[(1)]

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* Preliminary, subject to change.

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MADERA UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

Ray G. Seibert, *President (Area 1)*
Ruben Mendoza, *Board Clerk (Area 3)*
Ricardo Arredondo, *Board Member (Area 6)*
Brent Fernandes, *Board Member (Area 7)*
Joetta Fleak, *Board Member (Area 4)*
Ed McIntyre, *Board Member (Area 2)*
Lucy Salazar, *Board Member (Area 5)*

ADMINISTRATION

Todd Lile, *Superintendent*
Sandon M. Schwartz, *Deputy Superintendent*
Sheryl Sisil, *Assistant Superintendent of Educational Services*
Arelis Garcia, *Chief Financial Officer*
Rosalind Cox, *Director of Facilities Planning and Construction Management*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

Best Best & Krieger LLP
Riverside, California

Municipal Advisor

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

Paying Agent and Bond Registrar

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

Underwriter's Counsel

Kutak Rock LLP
Denver, Colorado

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. If given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact.

The information and expression of opinion in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described in this Official Statement since the date of this Official Statement. This Official Statement is being submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the District. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

All information for investors regarding the District and the Bonds is contained in this Official Statement. While the District maintains an Internet website for various purposes, none of the information on this website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the District.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a “plan,” “expect,” “estimate,” “project,” “budget” or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions “THE DISTRICT,” “DISTRICT FINANCIAL INFORMATION” and APPENDIX F - “COUNTY OF MADERA OFFICE OF THE TREASURER TAX-COLLECTOR STATEMENT OF INVESTMENT POLICY.”

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. While the District has agreed to provide certain on-going financial and operating data for a limited period of time, it does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which statements are based change. See “LEGAL MATTERS” and APPENDIX D - “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

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

With respect to this offering, the Underwriter may allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds described in this Official Statement to certain securities dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated in this Official Statement and said public offering prices may be changed from time to time by the Underwriter.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act and have not been registered or qualified under the securities laws of any state.

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$35,000,000*
MADERA UNIFIED SCHOOL DISTRICT
(Madera County, California)
GENERAL OBLIGATION BONDS
ELECTION OF 2018, SERIES 2019

INTRODUCTION

This Official Statement (which includes the cover page, the inside cover page, the Table of Contents, and the Appendices attached to this Official Statement) is furnished by the Madera Unified School District (the "District"), located in Madera County, California (the "County"), to provide information concerning the $35,000,000* Madera Unified School District General Obligation Bonds, Election of 2018, Series 2019 (the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page, the Table of Contents, and Appendices attached to this 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.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Agreement described herein. See "LEGAL MATTERS - Continuing Disclosure" and APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the resolutions of the Board of Education (the "Board") of the District providing for the issuance and payment of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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 or the County and the purchasers or owners of any of the Bonds.

The District

The District is located in the County and encompasses approximately 383 square miles. The District's territory includes all of the incorporated area of the City of Madera (the "City") and unincorporated territory of the County adjacent to the City. The District currently operates fourteen elementary schools for grades TK-6, four elementary schools for grades TK-8, three middle schools for grades 7-8, two high schools for grades 9-12, one alternative high school, one continuation high school, one adult school, and one alternative education school for grades 7-12. Enrollment in the District in 2018-19 was at 20,878 (includes adult education) students in grades K through 12, and is projected to be 20,848 in fiscal year 2019-20. The District is also the sponsor of four charter schools, two for grades K-8, one for grades 6-8 and one for grades 9-12, with total enrollment of 1,029 students in fiscal year 2018-19.

Sources of Payment for the Bonds

The Bonds are general obligation bonds of the District. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon

* Preliminary, subject to change.

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). The Bonds are secured on a parity with approximately $109,536,439[†] of other general obligations bonds of the District. See "SECURITY FOR THE BONDS," "TAX BASE FOR REPAYMENT OF BONDS - *Ad Valorem* Property Taxation" and "DISTRICT FINANCIAL INFORMATION - Long-Term District Debt" and "- General Obligation Bonds."

Purpose of Issue

Proceeds from the Bonds will be used to (i) finance the acquisition and construction of certain school facilities, and (ii) pay costs of issuance of the Bonds. See "THE BONDS – Purpose of Issue" and "FINANCING PLAN."

Description of the Bonds

Bonds. The Bonds mature on August 1 in the years and in the amounts indicated on the inside cover page of this Official Statement.

Payments. Interest on the Bonds accrues from the date of delivery of the Bonds at the rates set forth on the inside cover page of this Official Statement, and is payable semiannually on each February 1 and August 1, commencing February 1, 2020. The principal amount of the Bonds is payable at maturity in the years indicated on the inside cover page of this Official Statement upon surrender of the Bonds for payment.

Registration. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover page of this Official Statement, under the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "THE BONDS - Book-Entry Only System" and APPENDIX C - "BOOK-ENTRY ONLY SYSTEM."

Denominations. The Bonds will be issued and beneficial ownership interests may be purchased by Beneficial Owners in denominations of $5,000 principal amount.

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS -Redemption" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 11 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") and other applicable law, and pursuant to a resolution adopted by the Board of the District on May 14, 2019 (the "Resolution"). See "THE BONDS - Authority for Issuance."

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through DTC in New York, New York on or about June 26, 2019.[*]

[†] Outstanding as of June 1, 2019.

[*] Preliminary, subject to change.

Continuing Disclosure

In order to assist the Underwriter of the Bonds in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission, the District will covenant for the benefit for the bondholders, pursuant to a Continuing Disclosure Agreement, to provide certain annual financial information and operating data relating to the District, and notices of the occurrence of certain enumerated events. The specific nature of the information to be made available and of the notices of enumerated events is summarized below under the caption "LEGAL MATTERS – Continuing Disclosure" and APPENDIX D - "FORM OF CONTINUING DISCLOSURE AGREEMENT" in this Official Statement.

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 Deputy Superintendent, Madera Unified School District, 1902 Howard Road, Madera, California 93637, telephone: (559) 675-4500. The District may impose a charge for copying, mailing and handling.

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

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

All terms used in this Official Statement and not otherwise defined shall have the meanings given such terms in the Resolution.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of the Act and other applicable law, and pursuant to a resolution adopted by the Board of Education of the District on May 14, 2019 (the "Resolution"). The County has authorized school districts in the County to issue bonds on their own behalf, pursuant to laws of the State of California (the "State") and a resolution adopted on May 6, 2003, by the County Board of Supervisors.

The District received authorization at an election held on November 6, 2018, by an affirmative vote of 63.50% of the votes cast by eligible voters within the District (the "2018 Authorization") to issue not to exceed $120,000,000 of general obligation bonds (the "Election of 2018 Bonds"). The election was conducted pursuant to California State Proposition 39 of November 2000 (and applicable statutes), which amended Article XIIIA of the California Constitution to permit the approval of general obligation bonds of a school district by 55% or more of the votes cast on the measure, subject to certain accountability features (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS –

Article XIIIA of the California Constitution" herein). The Bonds will be issued on a parity basis with approximately $109,536,439[†] of the District's currently outstanding general obligation bonds.

Purpose of Issue

The net proceeds of the Bonds are authorized to design, acquire and construct new school facilities. The District intends to use the net proceeds of the Bonds to finance the design and construction costs of a new middle school facility and the acquisition of a K-8 school site. See "FINANCING PLAN" herein.

Security

Section 52515 to the California Government Code provides that voter-approved general obligation bonds which are secured by *ad valorem* tax collections are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – California Senate Bill 222."

The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be deposited into the Madera Unified School District General Obligation Bond Debt Service Fund (the "Debt Service Fund"), which is maintained by the County and which is required by the Act to be applied for the payment of principal of and interest on the Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds and to make timely payment of principal of and interest on the Bonds when due, and will maintain the Debt Service Fund, the Bonds are not a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of, premium, if any, and interest on the Bonds as the same becomes due and payable, shall be remitted by the County to the Paying Agent (as defined below), which will then remit such funds to DTC for payment of such principal, premium, if any, and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemption for property owned by State of California (the "State") and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "TAX BASE FOR REPAYMENT OF BONDS" herein.

[†] Outstanding as of June 1, 2019.

Description of the Bonds

Interest on the Bonds accrues from the date of delivery, and is payable semiannually on February 1 and August 1 of each year (each a "Bond Payment Date"), commencing February 1, 2020 at the annual interest rates shown on the inside cover of this Official Statement. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof. Interest will accrue on the Bonds on the basis of a 360-day year comprised 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 DTC. Principal of, premium, if any, and interest on the Bonds is payable by the Paying Agent (as defined below) to DTC. DTC is responsible for disbursing such payments to the Beneficial Owners in accordance with the DTC book-entry only system. See " - Book-Entry Only System" and APPENDIX C - "BOOK-ENTRY ONLY SYSTEM."

See the Maturity Schedule on the inside cover for the maturity schedule of the Bonds, "DEBT SERVICE SCHEDULE" for the debt service schedule for the Bonds and "DISTRICT FINANCIAL INFORMATION - Long-Term District Debt," and "- General Obligation Bonds" for a schedule of combined debt service of the Bonds and the District's other outstanding general obligation bonds.

Paying Agent

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas will act as the initial Paying Agent, Registrar and Transfer Agent (the "Paying Agent") for the Bonds. If the Paying Agent resigns or is removed by the District, a successor Paying Agent will be appointed by the District.

Redemption*

Optional Redemption. The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to their fixed maturity dates at the option of the District, from any source of funds, in whole or in part, on any date on or after August 1, 20__, at a redemption price equal to the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on or after ________ 1, 20___ (the "Term Bonds") are subject to mandatory sinking fund redemption in part by lot at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, in the aggregate respective principal amounts and on August 1, in the respective years as set forth in the following table:

Term Bonds Maturing _________ 1, 20___

Redemption Date (August 1)	Amount

Selection of Bonds for Redemption

If less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed in such written instruction, or if no written direction is given, on a pro-rata basis in integral multiples of five thousand dollars ($5,000). Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine to be appropriate; provided, however, that the portion of any Bond to be redeemed

* Preliminary, subject to change.

in part shall be in the principal amount of five thousand dollars ($5,000) or any integral multiple thereof. If some but not all of the Term Bonds are redeemed, the aggregate principal amount of the Term Bonds to be redeemed in each year shall be reduced by the aggregate principal amount of the Term Bonds so redeemed to be allocated among principal amounts on a pro-rata basis in integral multiples of five thousand dollars ($5,000).

Notice of Redemption

When redemption is authorized or required, the Paying Agent, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified redemption date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue. Such Redemption Notice may be conditional and subject to rescission as outlined below.

The Paying Agent shall take the following actions with respect to any such Redemption Notice:

(a) At least 20 but not more than 45 days prior to the redemption date, the Redemption Notice shall be given to the respective owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register.

(b) At least 20 but not more than 45 days prior to the redemption date, the Redemption Notice shall be given by (1) first class mail, postage prepaid; (2) telephonically confirmed facsimile transmission; or (3) overnight delivery service, to DTC or a substitute depository as set forth in the Resolution.

(c) At least 20 but not more than 45 days prior to the redemption date, the Redemption Notice shall be given by (1) first class mail, postage prepaid; (2) telephonically confirmed facsimile transmission; or (3) overnight delivery service, to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board or other such system in accordance with the then current guidance of the Securities and Exchange Commission.

Neither failure to receive or failure to give any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the Bonds being redeemed. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by series and maturity, the Bonds or being redeemed with such check or other transfer.

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

Partial Redemption of Bonds

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

Effect of Notice of Redemption

Notice having been given as aforesaid, and funds for the redemption of the Bond (including interest accrued thereon to the applicable date of redemption) having been set aside in the Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed including interest thereon accrued to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity shall be cancelled upon surrender thereof, and shall be delivered to or upon the order of the County and the District in lieu of redemption. All or any portion of a Bond purchased by the County or the District shall be cancelled by the Paying Agent.

Purchase of Bonds

In lieu of payment at maturity or redemption at the request of the District, moneys in the Debt Service Fund may be used and withdrawn by the Treasurer-Tax Collector of the County (the "County Treasurer") for the purchase of outstanding Bonds, at public or private sale as and when, and at such prices (including brokerage and other charges) as the District may direct, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase. All or any portion of any Bond purchased by the County Treasurer, in lieu of payment at maturity or redemption, shall be surrendered to and cancelled by the Paying Agent and delivered to the District.

Book-Entry Only System

The Bonds will be issued as one fully registered bond without coupons for each maturity and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be paid to DTC, which will in turn remit such principal of and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds as described in this Official Statement. See APPENDIX C - "BOOK-ENTRY ONLY SYSTEM."

Defeasance

All or any portion of the outstanding Bonds may be paid and discharged in any one or more of the following ways:

> (1) by irrevocably depositing with the Paying Agent or an independent escrow agent an amount of cash which together with amounts then on deposit in the Debt Service Fund, is sufficient to pay all of the Bonds outstanding and designated for defeasance, including all principal and interest and premium, if any; or

(2) by irrevocably depositing with the Paying Agent or an independent escrow agent noncallable United States Obligations (defined below), together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with the interest to accrue thereon and moneys then on deposit in the Debt Service Fund, together with interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal and interest represented thereby and prepayment premiums, if any).

If a Bond is defeased as described above, then all obligations of the District and the Paying Agent under the Resolution with respect to such outstanding Bond shall cease and terminate, whether or not such Bond has been surrendered for payment, except only the obligation of the District to pay or cause to be paid to the Owners of such designated Bonds all sums due thereon and the obligations of the District with respect to the applicable Rebate Fund.

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

Supplemental Resolutions

The Resolution, and the rights and obligations of the District and of the Owners of the Bonds, may be modified or amended at any time by a supplemental resolution adopted by the Board of Education with the written consent of Owners owning at least 60% in aggregate principal amount of the Bonds then outstanding. No such modification or amendment shall, (i) extend the maturity of any Bond or the time for paying interest thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, (ii) permit the creation of any pledge of or lien upon the monies on deposit in the Debt Service Fund, superior to or on a parity with the pledge and lien created for the benefit of the Bonds, (iii) reduce the percentage of Bonds required for the amendment of the Resolution, or (iv) reduce the principal amount of or redemption premium on any Bond, or reduce the interest rate thereon.

Notwithstanding the foregoing, the Resolution, and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District without the written consent of the Owners for any one or more of the following purposes:

(1) to add to the covenants and agreements of the District in the Resolution contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power reserved in the Resolution to or conferred upon the District;

(2) to make modifications not adversely affecting any outstanding Bonds in any material respect;

(3) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provisions of the Resolution, or in regard to questions arising under the Resolution, as the District may deem necessary or desirable and not inconsistent with the Resolution, and which shall not adversely affect the rights of the Owners of the Bonds; or

(4) to make such additions, deletions or modifications as may be necessary or desirable to assure compliance by the District with Section 148 of the Code relating to required rebate of monies to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds or to conform with the Treasury Regulations.

Any action taken pursuant to a Supplemental Resolution so consented to by the Owners of at least 60% in aggregate principal amount of the Bonds then outstanding shall be binding on the Owners of all of the Bonds and shall not be deemed to be inconsistent with any of the provisions of the Resolution, whatever the character of such action may be, and such action may be taken and performed as fully and freely as if expressly permitted by the Resolution. After such consent relating to specified matters has been given, no Bond Owner shall have any right or interest to object to any such action or in any manner to question the propriety thereof or to enjoin or restrain the District or the Paying Agent, or any officer or agent thereof, from taking any action pursuant to such consent.

Unclaimed Moneys

Anything contained in the Resolution to the contrary notwithstanding, any monies held by the Paying Agent in trust for the payment and discharge of the principal of, the interest and any premium on the Bonds which remain unclaimed for two years after the date when the payment of such principal, interest and premium have become payable, if such monies were held by the Paying Agent at such date, shall be deposited by the Paying Agent to the account of the District as its absolute property free from any trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the District for the payment of the principal of, interest and any premium on their Bonds.

FINANCING PLAN

The District intends to finance the site development, planning and construction of a new middle school facility and the acquisition, site development and planning of a K-8 school site (collectively the "Facilities") pursuant to the 2018 Authorization. The estimated cost of site development, planning and construction and equipping of the Facilities is $35,911,679. The following table provides a breakdown of costs estimated to finance the Facilities.

ESTIMATED COSTS FOR THE FACILITIES

Item	Cost*
1. Middle School	
Site Development & Planning	$ 1,746,100
Construction	25,865,579
Construction soft costs	3,300,000
Total Costs	$30,911,679
2. Additional School Facilities	
Acquisition, Site Development & Planning	$ 5,000,000
Total Costs	$ 5,000,000
Total All Facilities	$35,911,679

Source: Madera Unified School District.

* Preliminary, subject to change.

The District intends to finance the Facilities through a combination of sources which include the issuance of general obligation bonds from its 2018 Authorization, the first series of which are the Bonds. The District has identified various sources that may be used to finance the costs of the Facilities as set forth in the table below which include the Bonds.

ESTIMATED SOURCES TO FINANCE THE FACILITIES

Source	Amount*
Bonds	$34,625,000
District's Building Fund[(1)]	1,286,679
Total Sources	$35,911,679

* Preliminary, subject to change.
(1) Special reserve fund for facilities.
Source: Madera Unified School District.

ESTIMATED SOURCES AND USES OF BOND PROCEEDS

The estimated sources and uses of funds in connection with the Bonds are as follows:

Sources of Funds	
Principal Amount of Bonds	
Original Issue Premium	
Total Sources of Funds	
Uses of Funds	
Building Fund	
Debt Service Fund	
Underwriter's Discount	
Costs of Issuance[(1)]	
Total Uses of Funds	

(1) Costs of issuance include, but are not limited to, legal fees, Municipal Advisory fees, printing costs, rating agency fees, and other miscellaneous fees and expenses.

DEBT SERVICE SCHEDULE

The following table summarizes the annual debt service requirements of the District for the Bonds, assuming no optional redemption:

MADERA UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
ELECTION OF 2018, SERIES 2019
Debt Service Schedule

Year Ending (August 1)	Annual Principal Payment	Annual Interest Payment	Total Annual Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			

Source: Stifel, Nicolaus & Company, Incorporated.

See “DISTRICT FINANCIAL INFORMATION - Long-Term District Debt” and “- General Obligation Bonds” for a schedule of the combined debt service requirements for all of the District’s outstanding general obligation bonds.

APPLICATION OF PROCEEDS OF BONDS AND INVESTMENT OF BOND PROCEEDS AND TAX REVENUES

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, shall be deposited to the credit of the Madera Unified School District Building Fund (the "Building Fund") and shall be kept separate and distinct from all other County funds. The proceeds shall be applied only for the authorized purposes pursuant to the 2018 Authorization. Interest earnings on moneys deposited in the Building Fund shall remain therein. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Debt Service Fund

The *ad valorem* property taxes securing the payment of the Bonds when received shall be kept separate and apart in the Debt Service Fund established under the Resolution and be used only for payments of principal of and interest on the Bonds. Interest earned on the investment of monies held in the Debt Service Fund established under the Resolution shall be retained in the Debt Service Fund and used to pay principal of and interest on the Bonds when due.

Any excess proceeds of the Bonds not needed for the purpose for which the Bonds are issued shall be transferred to the Debt Service Fund established under the Resolution and applied to the payment of principal of and interest on the Bonds. If after payment in full of the Bonds there remains excess proceeds, any such excess amounts shall be transferred to the District's general fund. Amounts which the District determines are required to be rebated to the federal government will be deposited in the Rebate Fund established under the Resolution.

Monies held in the Debt Service Fund and the Rebate Fund established under the Resolution may be invested in any investment permitted by law, including under Government Code Sections 53601 and 53635.

It is anticipated that monies in the Building Fund, Rebate Fund and the Debt Service Fund for the Bonds will be invested in, and withdrawn from, the Madera County Pooled Investment Fund as described below.

Madera County Pooled Investment Fund

The following is a general description of the County's investment policy, current portfolio holdings, and valuation procedures. The information was provided by the County Treasurer. Neither the District nor the Underwriter can make any representations regarding the accuracy and completeness of the information. All questions related to the investment practices of the County Treasurer should be directed to the County Treasurer at 200 West 4th Street, Madera, California 93637 (559) 675-7713.

The County Treasurer has authority to implement and oversee the investment of funds on deposit in the County's pooled investment fund (the "Pooled Investment Fund"). The County's Pooled Investment Fund includes the funds of the County and certain governmental entities located in the County, including school districts, community college districts, and special districts. Interest earned is deposited quarterly into participating funds. Any investment losses are shared proportionately by all funds in the Pooled Investment Fund.

A Treasury Oversight Committee is established by the Board of Supervisors. The primary objectives of the investment of public funds are: first to safeguard investment principal; second to maintain sufficient liquidity to maintain daily cashflow requirements; and thirdly, to achieve a reasonable rate of return on the portfolio consistent with the first two objectives. The Treasury Oversight Committee approves the investment policy, reviews and monitors the County Treasurer's monthly investment reports, reviews depositories for County funds and broker/dealer and banks as approved by the County Treasurer, and causes an annual audit to be conducted to determine the County Treasury's compliance with relevant investment statutes and ordinances as well as the Investment Policy.

The County Treasurer maintains one Pooled Investment Fund (the "PIF") for all local jurisdictions having funds on deposit in the County Treasury. As of February 28, 2019, the portfolio assets comprising the PIF had a market value of $393,706,851.80.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. The County Treasurer's office estimates that 100% of the deposits in the PIF are deposited on a mandatory basis.

While State law permits other governmental jurisdictions, with the prior consent of the County Board of Supervisors and the County Treasurer, to participate in the County's PIF, none have been authorized entry, nor are any pending consideration. The desire of the County is to maintain a stable depositor base for those entities participating in the PIF.

All purchases of securities for the PIF are to be made in accordance with the County Treasurer's 2019 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the County Treasurer to sell portfolio securities prior to maturity at a principal loss.

The investments in the County Pooled Investment Fund as of April 30, 2019 were as follows:

Investments	Par Value	Book Value	% of Portfolio
Medium Term Notes	$ 72,000,000.00	$ 72,038,279.78	16.20%
Federal Agency Coupon Securities	273,750,000.00	273,605,259.85	61.52
Non-Negotiable CD	1,000,000.00	1,000,000.00	0.22
CAMP: CA Asset Mgmt Program	36,197,066.70	36,197,066.70	8.14
Depository Accounts	14,043,838.02	14,043,838.02	3.16
Local Agency Investment Funds	36,251,259.39	36,251,259.39	8.15
Municipal Bond	11,600,000.00	11,601,700.39	2.61
Total Investments	$444,842,164.11	$444,737,404.13	100.00%

Source: County of Madera Treasurer – Tax Collector.

As of April 30, 2019, the market value of the PIF was approximately 99.60% of book value. The County Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Section 53844 requires that the investment income be credited to the specific fund in which the investment was made.

The County Board of Supervisors has established a "Treasury Oversight Committee" in compliance with California Government Code Section 27131. Currently, the Committee is composed of the County Auditor-Controller, the County Treasurer, the County Superintendent of Schools, a school district representative, the County Director of Public Works and a public member at large. The purpose of the committee is to review the prudence of the County's Investment Policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the County Board of Supervisors. This committee was reorganized to conform to new State requirements requiring the County to have a local oversight committee. The committee is utilized by the County to manage, audit, and safeguard public funds and to perform other internal control measures.

The County does not maintain a separate rating on its pooled investment fund.

Neither the District nor the Underwriter has made an independent investigation of the investments in the County PIF and has made no assessment of the current County Investment Policy. The value of the various investments in the County PIF will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the PIF will not vary significantly from the values described in this Official Statement.

A complete copy of the County's Investment Policy is contained in APPENDIX F - "COUNTY OF MADERA OFFICE OF THE TREASURER TAX-COLLECTOR STATEMENT OF INVESTMENT POLICY."

SECURITY FOR THE BONDS

The Bonds are general obligation bonds of the District. The County Board of Supervisors, on behalf of the District, is empowered and obligated annually to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation of rate or amount (except for certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds due and payable in the next succeeding bond year (less amounts on deposit in the Debt Service Fund established under the Resolution). The Resolution pledges as security for the Bonds the proceeds from the levy of the *ad valorem* tax which are collected and allocated to the payment of the Bonds. See "TAX BASE FOR REPAYMENT OF BONDS."

The Bonds are payable from *ad valorem* taxes levied within the District on a parity with other outstanding general obligation bonds of the District. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds. See "TAX BASE FOR REPAYMENT OF BONDS - *Ad Valorem* Property Taxation" and "DISTRICT FINANCIAL INFORMATION - Long-Term District Debt" and "- General Obligation Bonds."

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

The amount of the annual *ad valorem* tax levied by the County Board of Supervisors to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as general market decline in property values, reclassification of property to a class exempt category from taxation, whether by ownership or use (such as exemptions for property owned by the federal government, the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate.

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

The collection of property taxes is significant to the District and the Owners of the Bonds in two respects. First, the County Board of Supervisors will levy and collect *ad valorem* taxes on all taxable parcels within the District which are pledged specifically to the repayment of the Bonds. Second, a separate general *ad valorem* property tax levy levied in accordance with Article XIIIA of the California Constitution and its implementing legislation funds a portion of the District's operating expenses. See "DISTRICT FINANCIAL INFORMATION – Education Funding Generally." As described below, the general *ad valorem* property tax levy and the additional *ad valorem* property tax levy pledged to repay the Bonds will be collected on the annual tax bills distributed by the County to the owners of parcels within the boundaries of the District.

Method of Property Taxation. Beginning in fiscal year 1978-79, Article XIIIA and its implementing legislation permitted each county to levy and collect all property taxes and prescribed the way in which levies on county-wide property values were to be shared with local taxing entities within each county. All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law, however, provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals and charitable institutions. See, "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution," herein.

For purposes of allocating a county's basic property tax levy, future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, up to 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of "base" sources from the tax rate area. State law exempts $7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is provided by the State.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in a county as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll, also containing State-assessed property, and property, the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer-Tax Collector of the county levying the tax.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a 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) seizing and selling personal property improvements or possessory interests belonging or assessed to the delinquent taxpayer.

District Assessed Valuation. The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization ("SBE"). See "- *Taxation of State-Assessed Utility Property below.*" Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIIIA of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full cash value of property. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

The State Constitution currently requires a credit of $7,000 of the taxable value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies. Current law also provides, upon application, a basis exemption of $100,000 increased by inflation for veterans with specified disabilities or for unmarried spouses of deceased veterans. The exemption may be raised to $150,000 if the applicant meets the annual income limit of $40,000.

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Both the general *ad valorem* property tax levy and the additional *ad valorem* levy for the Bonds are based upon the assessed valuation of the parcels of taxable property in the District. Property taxes allocated to the District are collected by the County at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and county taxing purposes. The valuation of secured property by the County Assessor is established as of January 1, and is subsequently equalized in September of each year.

Taxation of State-Assessed Utility Property. A portion of property tax revenue of the District is derived from utility property subject to assessment by the SBE. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions that are assessed as part of a "going concern" rather than as individual pieces of real or personal property. The assessed value of unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Tax Collections and Delinquencies. A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory scheme enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

Teeter Plan. The County has implemented an alternative method for the distribution of secured property taxes to local agencies, known as the "Teeter Plan." The Teeter Plan provisions are set forth in Sections 4701 to 4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as "bank" and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan is intended to provide participating local agencies with stable cash flow and the elimination of collection risk.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. The County Board of Supervisors has adopted the Teeter Plan and has elected to include school districts, and the collection of taxes relating to their general obligation bonds, in its Teeter Plan. The Teeter Plan applies to the District and the Bonds.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, elect to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then-accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of assessments (if a county has elected to include assessments), 100% of the assessment delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the assessment. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

The District is not aware of any petitions for the discontinuance of the Teeter Plan now pending in the County.

Assessed Valuations

Property within the District had a total assessed valuation for fiscal year 2018-19 of $6,551,905,992. Table 1 below shows the assessed valuation in the District for fiscal years 2001-02 through 2018-19.

TABLE 1
MADERA UNIFIED SCHOOL DISTRICT
Assessed Valuations
Fiscal Years 2001-02 through 2018-19

Fiscal Year	Total Valuation	Annual % Change
2001-02	$2,890,097,271	--
2002-03	2,934,325,735	1.53%
2003-04	3,141,674,719	7.07
2004-05	3,306,104,597	5.23
2005-06	3,773,672,931	14.14
2006-07	4,497,006,995	19.17
2007-08	5,264,965,914	17.08
2008-09	5,648,251,263	7.28
2009-10	5,113,235,222	(9.47)
2010-11	4,811,814,032	(5.89)
2011-12	4,812,036,173	0.00
2012-13	4,930,714,355	2.47
2013-14	5,096,136,398	3.35
2014-15	5,369,790,439	5.37
2015-16	5,672,348,519	5.63
2016-17	5,927,073,254	4.49
2017-18	6,181,600,375	4.29
2018-19	6,551,905,992	5.99

Source: California Municipal Statistics; County of Madera.

Tax Levies and Delinquencies

Table 2 below summarizes the annual secured tax charges within the County and the amount delinquent as of June 30 for past fiscal years within the County. Under the terms of the County's Teeter Plan, the District is paid 100% of the secured tax levy each year by the County and the County takes responsibility for collecting delinquencies and keeps penalties and interest.

TABLE 2
SECURED TAX CHARGES AND DELINQUENCY RATES(1)
Fiscal Years 2008-09 through 2017-18
County of Madera

Fiscal Year	Secured Tax Charge(2)	Amount Delinquent June 30	Percent Delinquent June 30
2008-09	$137,028,225	$ 773,361	0.56%
2009-10	130,376,443	623,353	0.48
2010-11	120,870,312	153,918	0.13
2011-12	125,739,868	505,138	0.40
2012-13	127,721,903	191,092	0.15
2013-14	132,124,915	1,057,992	0.80
2014-15	142,834,780	139,127	0.10
2015-16	152,760,751	1,496,848	0.98
2016-17	166,571,258	1,846,172	1.11
2017-18	172,997,773	3,337,501	1.93

(1) Amounts do not include tax collections for bonds or special assessments.
(2) County-wide.
Source: County of Madera Comprehensive Annual Financial Report for Fiscal Year 2017-18.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

There were 84 tax rate areas in the District in fiscal year 2018-19. A representative tax rate area in the City of Madera portion of the District, Tax Rate Area 2-000, had a fiscal year 2018-19 assessed valuation of $547,109,008, representing approximately 8.35% of the District's taxable assessed valuation. A representative tax rate area in the unincorporated portion of the District, Tax Rate Area 61-006, had a fiscal year 2018-19 assessed valuation of $914,201,109, representing 13.95% of the District's assessed valuation. The table below shows tax rates levied by all taxing entities in Tax Rate Area 2-000 and Tax Rate Area 61-006 for fiscal year 2018-19.

TABLE 3
MADERA UNIFIED SCHOOL DISTRICT
SUMMARY OF AD VALOREM TAX RATES
$1 PER $100 OF ASSESSED VALUATION
Typical Total Tax Rates

City of Madera – Tax Rate Area 2-000

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
State Center Community College Bonds	.009308	.008064	.008480	.025934	.022966
Madera Unified School District Bonds	.072676	.127860	.113879	.102816	.096864
Total	$1.081984	$1.135924	$1.122359	$1.128750	$1.119830

Unincorporated Madera County – Tax Rate Area 61-006

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
State Center Community College Bonds	.009308	.008064	.008480	.025934	.022966
Madera Unified School District Bonds	.072676	.127860	.113879	.102816	.096864
Total	$1.081984	$1.135924	$1.122359	$1.128750	$1.119830

Source: California Municipal Statistics, Inc.

Largest Taxpayers

Table 4 below lists the 20 largest property taxpayers within the District measured by secured assessed valuation for fiscal year 2018-19.

TABLE 4
MADERA UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers
Fiscal Year 2018-19

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total[(1)]
1.	Canandaigua West Inc	Industrial	$140,183,630	2.29%
2.	Ardagh Glass Inc	Industrial	90,212,058	1.47
3.	Cottonwood Creek Ranch LLC	Agricultural	50,382,089	0.82
4.	John Hancock Life Ins Co	Agricultural	46,891,550	0.77
5.	Georgia-Pacific Corrugated LLC	Industrial	40,763,221	0.67
6.	Pacific Ethanol Madera LLC	Industrial	37,071,999	0.61
7.	Goose Pond Ag Inc	Agricultural	29,865,806	0.49
8.	Diepersloot Robert J & Willemina	Agricultural	27,595,452	0.45
9.	G 3 Enterprises Inc	Agricultural	27,485,002	0.45
10.	Creekside Land Co LLC	Agricultural	26,096,154	0.43
11.	Taylor Creek Farms	Agricultural	24,599,218	0.40
12.	Lion Daniel A & Jacqueline Trustee-Eta	Agricultural	22,315,835	0.36
13.	Ricchiuti Patrick Vincent Trustee	Agricultural	22,141,208	0.36
14.	The Hulling Company	Commercial	21,907,344	0.36
15.	Azteca Milling L P	Industrial	21,807,725	0.36
16.	Ranch Holdings Four	Agricultural	19,829,547	0.32
17.	Pacific Orchards LLC	Agricultural	19,641,310	0.32
18.	Golden Olive Ranch LLC	Agricultural	18,173,563	0.30
19.	Arnold Ca LLC	Agricultural	17,951,780	0.29
20.	Par La Vina LLC	Agricultural	17,672,990	0.29
			$722,587,481	11.81%

(1) Local secured assessed valuation: $6,120,969,622.
Source: Urban Futures, Inc. with information from the Madera County 2018-19 secured property tax roll.

Assessed Valuation by Land Use

Table 5 below provides a distribution of taxable property located in the District on the 2018-19 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

TABLE 5
MADERA UNIFIED SCHOOL DISTRICT
Fiscal Year 2018-19 Secured Assessed Valuation and Parcels by Land Use

	Assessed Valuation[1]	% of Total	No. of Parcels	% of Total	No. of Taxable Parcels	% Total
Non-Residential:						
Agricultural	$1,150,761,798	18.80%	2,745	9.89%	2,692	10.02%
Commercial	531,608,116	8.69	1,019	3.67	1,012	3.77
Vacant Commercial	64,963,474	1.06	165	0.59	159	0.59
Industrial	1,119,571,614	18.29	266	0.96	259	0.96
Vacant Industrial	37,697,862	0.62	182	0.66	172	0.64
Recreational	11,733,624	0.19	43	0.15	43	0.16
Government/Social/Institutional	6,525,982	0.11	277	1.00	182	0.68
Vacant Other	1,098,837	0.02	72	0.26	61	0.23
Miscellaneous	3,956,297	0.06	35	0.13	35	0.13
Subtotal Non-Residential	$2,927,917,604	47.83%	4,804	17.31%	4,615	17.17%
Residential:						
Single Family Residence	$2,621,381,779	42.83%	17,315	62.37%	17,260	64.23%
Condominium/Townhouse	46,246,367	0.76	350	1.26	350	1.30
Mobile Home	18,616,483	0.30	333	1.20	333	1.24
2-3 Residential Units	66,044,533	1.08	577	2.08	577	2.15
4+ Residential Units/Apartments	210,595,271	3.44	301	1.08	299	1.11
Vacant Residential	230,167,585	3.76	4,080	14.70	3,440	12.80
Subtotal Residential	$3,193,052,018	52.17%	22,956	82.69%	22,259	82.83%
Total	$6,120,969,622	100.00%	27,760	100.00%	26,874	100.00%

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

Assessed Valuation by Jurisdiction

The following Table 6 shows the fiscal year 2018-19 assessed valuation of the District by jurisdiction.

TABLE 6
MADERA UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2018-19

Jurisdiction	Assessed Valuation in School District	%of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Madera	$3,217,917,151	49.11%	$ 3,217,917,151	100.00%
Unincorporated Madera County	3,333,988,841	50.89	$10,346,509,969	32.22%
Total District	$6,551,905,992	100.00%	$13,564,427,110	
Madera County	$6,551,905,992	100.00%	$14,399,600,466	45.50%

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes

Table 7 below shows the assessed valuation of single-family homes in the District for fiscal year 2018-19, including the average and median assessed value per single family home.

TABLE 7
MADERA UNIFIED SCHOOL DISTRICT
Per Parcel Fiscal Year 2018-19 Assessed Valuation of Single-Family Homes

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	17,260	$2,621,381,779	$151,876	$141,800

2018-19 Assessed Valuation	No. of Single Family Properties[1]	% of Total Single Family Properties	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	388	2.248%	2.248%	$ 6,050,849	0.231%	0.231%
$25,000 - $49,999	907	5.255	7.503	35,313,833	1.347	1.578
$50,000 - $74,999	1,376	7.972	15.475	87,270,420	3.329	4.907
$75,000 - $99,999	2,082	12.063	27.538	183,903,854	7.016	11.923
$100,000 - $124,999	2,402	13.917	41.454	269,649,708	10.287	22.209
$125,000 - $149,999	2,205	12.775	54.229	303,290,942	11.570	33.779
$150,000 - $174,999	2,121	12.289	66.518	343,873,165	13.118	46.897
$175,000 - $199,999	1,751	10.145	76.663	327,473,714	12.492	59.390
$200,000 - $224,999	1,308	7.578	84.241	276,938,587	10.565	69.954
$225,000 - $249,999	1,007	5.834	90.075	238,063,807	9.082	79.036
$250,000 - $274,999	603	3.494	93.569	157,895,944	6.023	85.059
$275,000 - $299,999	390	2.260	95.829	111,521,015	4.254	89.313
$300,000 - $324,999	235	1.362	97.190	73,205,634	2.793	92.106
$325,000 - $349,999	156	0.904	98.094	52,635,905	2.008	94.114
$350,000 - $374,999	90	0.521	98.615	32,450,066	1.238	95.352
$375,000 - $399,999	63	0.365	98.980	24,336,348	0.928	96.280
$400,000 - $424,999	45	0.261	99.241	18,519,131	0.706	96.987
$425,000 - $449,999	22	0.127	99.368	9,561,335	0.365	97.351
$450,000 - $474,999	23	0.133	99.502	10,627,914	0.405	97.757
$475,000 - $499,999	15	0.087	99.589	7,350,754	0.280	98.037
$500,000 and greater	71	0.411	100.000	51,448,854	1.963	100.000
Total	17,260	100.000%		$2,621,381,779	100.000%	

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

Direct and Overlapping Debt

Contained within the District are numerous overlapping local agencies providing public services. These local agencies have outstanding debt issued in the form of general obligation, lease revenue and special tax and assessment bonds. The direct and overlapping debt of the District is shown in Table 8 below. Tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds, and non-bonded capital lease obligations are excluded from the debt statement. The District has not reviewed the following table for completion or accuracy and makes no representation in connection therewith.

TABLE 8
MADERA UNIFIED SCHOOL DISTRICT
Estimated Direct and Overlapping Bonded Debt(1)(2)
As of April 1, 2019

2018-19 Assessed Valuation: $6,551,905,992

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 4/1/19**
State Center Community College District	7.661%	$ 13,367,296
Madera Unified School District	**100.000**	**109,536,440(1)**
City of Madera Community Facilities District No. 2006-1	100.000	2,389,616
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$125,293,352
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Madera County Certificates of Participation	45.501%	$ 4,584,348
Madera County Office of Education Certificates of Participation	45.501	9,451,562
Madera Unified School District Certificates of Participation	**100.000**	**88,480,000**
City of Madera Certificates of Participation	100.000	2,298,900
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$104,814,810
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$ 35,510,000
COMBINED TOTAL DEBT		$265,618,162(2)

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($109,536,440).. 1.67%
Total Direct and Overlapping Tax and Assessment Debt.... 1.91%
Combined Direct Debt ($198,016,440)............................ 3.02%
Combined Total Debt... 4.05%

Ratios to Redevelopment Incremental Valuation ($1,048,468,466):
Total Overlapping Tax Increment Debt............................. 3.39%

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

THE DISTRICT

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

Introduction

The District is located in the County and encompasses approximately 383 square miles. The District's territory includes all of the incorporated area of the City and unincorporated territory of the County adjacent to the City. The District currently operates fourteen elementary schools for grades TK-6, four elementary schools for grades TK-8, three middle schools for grades 7-8, two high schools for grades 9-12, one alternative high school, one continuation high school, one adult school, and one alternative education school for 7-12. Enrollment in the District in 2018-19 was 20,878 students in grades K through 12, and is projected to be 20,848 in fiscal year 2019-20. The District is also the sponsor of four charter schools, two for grades K-8, one for grades 6-8 and one for grades 9-12, with total enrollment of 1,029 students in 2018-19.

Board of Education

The District is governed by a seven-member Board of Education, whose members are elected to four-year terms. The terms are staggered on two year intervals to provide for continuity of governance. If a vacancy arises during any term, the vacancy is filled by an appointment by a majority vote of the remaining Board members or, if there is no majority, by a special election.

The members of the Board of Education are identified below.

TABLE 9
MADERA UNIFIED SCHOOL DISTRICT
Board of Education

Name	Term Expires
Ray G. Seibert, *President*	November, 2020
Ruben Mendoza, *Board Clerk*	November, 2020
Ricardo Arredondo, *Board Member*	November, 2020
Brent Fernandes, *Board Member*	November, 2022
Joetta Fleak, *Board Member*	November, 2022
Ed McIntyre, *Board Member*	November, 2022
Lucy Salazar, *Board Member*	November, 2022

Source: Madera Unified School District.

Superintendent and Administrative Personnel

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District's day to-day operations and supervises the work of other District administrators and supervisors. Brief biographies of the Superintendent and other administrative officers are set forth below.

Todd Lile, Superintendent, was named the District's Superintendent in 2018. He had previously served as Chief Academic Officer for Secondary in the District. Mr. Lile graduated from California State University, Fresno, with a Bachelor of Arts Degree in History, and from the College of New Jersey with a Master's Degree in Educational Leadership.

Sandon M. Schwartz, Deputy Superintendent, has been with the District for 18 years, serving primarily as a site administrator. He holds a Bachelor of Science Degree in Business Administration with an emphasis in Finance, and a Master's Degree in Business Administration from California State University, Fresno.

Arelis Garcia, Chief Financial Officer, has been with the District for 13 years, all within the Business Office. She had previously served as the Lead Accounting Analyst and the Business Manager. Mrs. Garcia holds a Chief Business Official certification from California Association of School Business Officials and a Bachelor of Science in Business/Accounting from University of Phoenix.

Rosalind Cox, Director of Facilities Planning and Construction Management, has been with the District for 14 years, all within the Facilities Department. She had previously served as the Facilities Planning Analyst for a year before serving in her current position. Mrs. Cox holds a Bachelor of Arts Degree in Economics from the University of California, San Diego, and a Masters Degree in Economics from San Diego State University.

Employee Relations

The Madera Unified Teachers Association ("MUTA") has approximately 1,078 member employees of the District which include teachers, nurses, school counselors and librarians. The current term of the MUTA collective bargaining agreement will expire June 30, 2019.

The Madera Adult Educators ("MAE") labor union has 17 members which are teachers at the adult school. The current term of the MAE collective bargaining agreement will expire June 30, 2019.

The Certified Management Bargaining Association ("CMBA") labor union has 79 member employees of the District which includes principals, vice-principals, department heads and various administrative personnel. The current term of the CMBA collective bargaining agreement will expire June 30, 2019.

The classified labor union California School Employees Association ("CSEA") has approximately 877 members and includes all classified employees of the District. The current CSEA collective bargaining agreement will expire June 30, 2019.

TABLE 10
MADERA UNIFIED SCHOOL DISTRICT
Number of Full-Time Equivalent Employees
Fiscal Years 2012-13 through 2019-20
(Rounded to the nearest whole number)

Fiscal Year	Total Number of Certificated Employees	Total Number of Classified Employees	Total Number of Management Employees	Total Number of Employees
2012-13	914	514	112	1,540
2013-14	938	534	120	1,592
2014-15	953	610	124	1,687
2015-16	995	683	137	1,815
2016-17	1,086	700	140	1,926
2017-18	1,119	736	141	1,996
2018-19	1,120	736	142	1,998
2019-20(1)	1,125	794	147	2,066

(1) Estimated.
Source: Madera Unified School District.

DISTRICT FINANCIAL INFORMATION

Education Funding Generally

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

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

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

Funding levels used in the LCFF "Target Entitlement" calculations for fiscal year 2018-19 are set forth in the following table. The unduplicated pupil percentages were as follows: 89.84% for fiscal year 2018-19, 89.01% for fiscal years 2017-18, 89.10% for fiscal year 2016-17, 89.30% for fiscal year 2015-16, 89.83% for fiscal year 2014-15 and 88.04% for fiscal year 2013-14.

Fiscal Years 2013-14 through 2018-19 Base Grant* Under LCFF by Grade Span

Grade Span	2014-15 COLA	2015-16 COLA	2016-17 COLA	2017-18 COLA	2018-19 COLA	2019-20 Base Grant Per ADA
TK/K-3	$7,011	$7,083	$7,083	$7,193	$7,459	$7,717
4-6	7,116	7,189	7,189	7,301	7,571	7,833
7-8	7,328	7,403	7,403	7,518	7,796	8,066
9-12	8,491	8,578	8,578	8,712	9,034	9,347

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

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

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

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

Accounting Practices

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

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

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

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

Financial Statements

General. The District's 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, Certified Public Accountants, San Diego, California, and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District at 1902 Howard Road, Madera, California 93637. 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. The District may impose a charge for copying, mailing and handling.

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

TABLE 11
MADERA UNIFIED SCHOOL DISTRICT
Summary of General Fund
Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2013-14 through 2017-18 (audited)

	2014	2015	2016	2017	2018
REVENUES					
LCFF[1]	$ 129,980,661	$152,041,376	$180,216,553	$196,948,721	$202,604,078
Federal sources	11,755,435	13,460,937	14,700,909	13,571,321	14,763,871
Other state sources	14,673,765	12,174,453	25,565,601	18,126,459	20,584,736
Other local sources	6,428,554	6,750,494	6,473,590	5,822,123	6,546,339
Total Revenues	$ 162,838,415	$184,427,260	$226,956,653	$234,468,624	$244,499,024
EXPENDITURES					
Current					
Instruction	$ 95,635,740	$106,687,566	$116,647,977	$126,819,076	$135,215,373
Instruction-related activities:					
Supervision of instruction	6,165,967	6,480,311	8,472,266	9,567,791	12,849,632
Instructional library, media and technology	1,259,713	1,896,520	2,392,833	3,274,805	3,313,187
School site administration	11,529,703	13,043,745	13,989,109	14,999,541	16,053,465
Pupil Services:					
Home-to-school transportation	5,651,709	6,834,459	8,339,082	6,666,428	6,460,416
Food services	1,110	132,312	3,356	5,882	8,273
All other pupil services	6,547,595	7,759,263	10,222,747	12,203,228	13,418,137
General administration:					
Data processing	1,836,659	2,752,144	3,183,564	3,607,223	4,398,113
All other general administration	5,767,984	6,907,285	8,014,351	9,529,116	8,759,429
Plant services	14,292,962	17,006,003	19,815,648	21,068,513	22,837,099
Facility acquisition and construction	91,464	298,197	2,936,049	6,359,929	3,014,564
Ancillary services	2,165,323	2,722,356	3,111,696	3,365,438	3,526,950
Community services	18,938	18,288	22,085	29,926	28,095
Other outgo	1,990,127	2,230,468	2,933,440	3,082,371	3,448,122
Enterprise Services	-	-	-	218,246	236,806
Debt service					
Principal	590,823	616,967	644,151	673,081	334,525
Interest and other	211,977	189,973	164,489	130,944	109,080
Total Expenditures	$ 153,757,794	$175,575,857	$200,892,843	$221,601,538	$234,011,266
Excess (Deficiency) of Revenues Over Expenditures	$ 9,080,621	$ 8,851,403	$ 26,063,810	$ 12,867,086	$ 10,487,758
Other Financing Sources (Uses):					
Transfers in	$ 36,450	$ 36,247	$ 41,958	$ 39,609	$ 55,997
Other sources	31,389	-	-	-	-
Transfers Out	$ (5,621,410)[2][3][4]	$ (13,502,989)[2][3][4][5]	$ (11,487,515)[4]	$ (11,260,386)[4]	$ (16,649,761)[4]
Net Financing Sources (Uses)	$ (5,553,571)	$ (13,466,742)	$ (11,445,557)	$ (11,220,777)	$ (16,593,764)
NET CHANGE IN FUND BALANCES	$ 3,527,050	$ (4,615,339)	$ 14,618,253	$ 1,646,309	$ (6,106,006)
Fund Balance – Beginning	$ 42,124,725	$ 45,651,775	$ 41,036,436	$ 55,654,689	$ 57,300,998
Fund Balance - Ending	$ 45,651,775	$ 41,036,436	$ 55,654,689	$ 57,300,998	$ 51,194,992

(1) Commencing with fiscal year 2013-14, Local Control Funding Formula Sources.
(2) Transfer to Adult Education Fund.
(3) Transfer to Deferred Maintenance Fund.
(4) Transfer to Special Reserve Fund for Capital Outlay.
(5) Transfer to Child Nutrition Fund.

Source: Madera Unified School District Comprehensive Audited Financial Statements for fiscal years 2013-14 through 2017-18.

District Budget and Interim Financial Reporting

Budgeting - Education Code Requirements. The District is required by provisions of the California Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carryover fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Assembly Bill 1840 approved on September 17, 2018 amended potions of AB 1200. Portions of Assembly Bill 1200, as amended by Assembly Bill 1840 ("AB 1200") are summarized below.

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

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District's governing board may appeal any notice of change by the County Superintendent to the State's Superintendent of Public Instruction. The State's Superintendent of Public Instruction must approve or deny the appeal within five days of receipt with the concurrence of the president of the State Board of Education or his or her designee. 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 8th. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

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

Interim Certifications Regarding Ability to Meet Financial Obligations. AB 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 the two subsequent fiscal years.

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

District's Budget Approval/Disapproval and Certification History. The District has not received any qualified or negative certifications of its financial reports in the past five years, nor have any of its budgets been disapproved. The District's budget for fiscal year 2018-19 was approved by the County Superintendent and its most recent interim report, the Second Interim for fiscal year 2018-19, received a positive certification from the Board.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at Madera Unified School District, 1902 Howard Road, Madera, California 93637. The District may impose charges for copying, mailing and handling.

General Fund Budgeted Actuals. The following table shows a summary of the District's General Fund original budgeted and actual results for Fiscal Years ending June 30, 2017 and 2018, and original budgeted and estimated projections for fiscal year 2018-19.

TABLE 12
MADERA UNIFIED SCHOOL DISTRICT
General Fund - Revenues, Expenses and Changes in Fund Balance
(Original Budgeted, Actual and Estimated Actual Projections)

	2016-17		2017-18		2018-19	
	Original Adopted Budget	Actual	Original Adopted Budget	Actuals	Original Adopted Budget	Estimated Projections
REVENUES						
LCFF	$194,913,702	$196,948,721	$203,975,467	$202,604,078	$217,907,315	$219,855,610
Federal sources	13,495,804	13,571,321	12,495,615	14,763,871	14,374,428	18,585,432
Other state sources	16,830,008	18,126,459	14,403,675	20,584,736	20,934,685	21,728,612
Other local sources	4,722,212	5,822,123	4,433,747	6,510,961	5,009,268	5,344,175
Total Revenues[1]	$229,961,726	$234,468,624	$235,308,504	$244,463,646	$258,225,696	$265,513,829
EXPENDITURES						
Certificated Salaries	$ 88,329,751	$ 92,051,990	$101,737,592	$ 98,552,452	$ 99,097,523	$ 99,274,126
Classified salaries	27,276,903	28,271,007	30,277,389	30,234,755	31,023,556	31,826,191
Employee benefits	57,508,209	56,051,241	65,863,464	63,391,497	68,520,165	68,809,656
Books and supplies	17,249,704	14,699,580	13,450,279	12,999,944	18,471,577	24,694,725
Services and operating expenditures	16,514,611	18,645,466	19,857,664	20,806,054	21,423,656	25,941,386
Other outgo	3,832,551	2,337,437	3,604,116	3,886,977	3,943,381	3,895,343
Capital outlay	4,751,029	8,740,792	761,816	5,052,947	987,682	8,050,163
Other Outgo-Transfers of Indirect Costs	(701,057)	-	(772,132)	(918,110)	(902,666)	(857,286)
Debt service-principal	-	673,081	-	-	-	
Debt service-interest	-	130,944	-	-	-	-
Total Expenditures	$214,761,701	$221,601,538	$234,780,188	$ 234,006,517	$242,564,874	$261,634,304
Excess (Deficiency) of Revenues Over Expenditures	$ 15,200,025	$ 12,867,086	$ 528,316	$ 10,457,129	$ 15,660,822	$3,879,525
Other Financing Source (Uses):						
Transfer In	$ 30,000	$ 39,609	$ 30,000	$ 55,997	$ 30,000	$ 30,000
Other Sources	-	-	-	30,628		53,426
Transfers Out	(11,177,217)[2][3]	(11,260,386)[2][3]	(11,177,217)[3]	(16,649,760)	(12,912,785)[3]	(12,912,785)[3]
Other Uses	7,000	-	7,000	-	7,000	-
Net Financing Sources (Uses)	$ (11,154,217)	$(11,220,777)	$(11,154,217)	$ (16,563,135)	$(12,889,785)	$ (12,829,359)
NET CHANGE IN FUND BALANCES	$ 4,045,808	$ 1,646,309	$(10,625,901)	$ (6,106,007)	$ 2,771,037	$ (8,949,834)
Fund Balance – Beginning	$ 55,654,689	$ 55,654,689	$ 57,300,999	$ 57,301,000	$ 32,350,371	$ 51,194,993
Fund Balance - Ending	$ 59,700,497	$ 57,300,998	$ 46,675,098	$ 51,194,993	$ 35,121,406	$ 42,245,159

(1) On behalf payments are not included in the revenues and expenditures in this schedule. In addition, 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 Fund 17 are included in the actual revenues and expenditures, however, are not included in the original and final general fund budgets.

(2) Transfers to Adult Education Fund.

(3) Transfers to Special Reserve for Capital Outlay.

Source: Madera Unified School District Audited Financial Statements 2016-17 and 2017-18. Board Approved Original Budget for fiscal years 2016-17 through 2018-19 and Second Interim Report for 2018-19.

District Reserves. In general, the State requires that California school districts of the District's size 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 3% of expenditures, and the Board has adopted a policy of maintaining reserves at a level at least equal to 10% of expenditures.

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

Effective January 1, 2018, Senate Bill 751, which was signed by the Governor on October 11, 2017, amended 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 provided 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 when or how any additional changes to legal provisions governing the reserve cap would impact its reserves and future spending. See "- Recent State Budgets - 2018-19 State Budget."

For fiscal year 2018-19, the projected general fund ending balance of $42,754,000 include reserves as follows:

TABLE 13
MADERA UNIFIED SCHOOL DISTRICT
Fiscal Year 2018-19 Projected Reserve Balance[(1)]

Non-Spendable:	
Revolving Cash	$ 25,000
Stores	516,672
Restricted:	0
Assigned:	7,361,463
Unassigned/Unappropriated:	
Reserve for Economic Uncertainty	$ 8,221,349
Unassigned	26,629,516
Total	$42,754,000

(1) Totals may not sum due to rounding.
Source: Madera Unified School District.

Attendance - LCFF Funding

As described herein, the District's receives a majority of its funding from the State's general fund budget, with such funding based on average daily attendance and other considerations under LCFF.

Funding Trends in the District per ADA. As described herein, prior to fiscal year 2014-15, school districts in the State derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2014-15, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table below sets forth the total enrollment at the District and LCFF funding per ADA for the District for fiscal years 2014-15 through 2019-20 (projected).

TABLE 14
TOTAL ENROLLMENT ADA AND LCFF FUNDING
Fiscal Years 2014-15 through 2019-20
Madera Unified School District

Fiscal Year	Total Enrollment	ADA	Total LCFF Funding
2014-15	19,775(3)	19,022.20	$152,777,136
2015-16	19,778(3)	19,092.40	180,969,192
2016-17	19,986(3)	19,304.24	196,957,327
2017-18	20,050(3)	19,265.91	202,702,725
2018-19(1)	20,878(4)	19,339.88	220,742,240
2019-20(2)	20,848(4)	19,339.88	228,843,051

(1) Unaudited.
(2) Projected.
(3) Enrollment figures from California Basic Educational Data.
(4) Enrollment figures provided by the District.
Source: California Department of Education; Madera Unified School District.

Revenue Sources

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

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

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

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

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

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

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

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

District Retirement Systems

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.

CalSTRS. Contributions to CalSTRS are fixed in statute. The District contributes to the State of California Teachers Retirement System ("STRS"), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

As of June 30, 2019, active plan members are required to contribute 10.25% for employees hired before December 31, 2012 and 10.205% for employees hired thereafter of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2018-19 was 16.28% of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for the fiscal years ending June 30, 2019, 2018, 2017, 2016, 2015, 2014, 2013, and 2012, were $15,854,391 (estimated), $13,979,472, $11,338,027, $8,943,910, $6,654,952, $5,611,020, $5,433,143 and $5,272,148, respectively, and equal 100% of the required contributions for each year. For fiscal year 2019-20, the District has budgeted for a STRS contribution of $15,984,397.

As of June 30, 2018, an actuarial valuation (the "2017 STRS Actuarial Valuation") for the entire STRS defined benefit program showed an estimated unfunded actuarial liability of $107.2 billion, a decrease of $0.1 billion from the June 30, 2017 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2018, June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2014, June 30, 2013 and June 30, 2012, based on the actuarial assumptions, were approximately 64.0%, 62.6%, 63.7%, 68.5%, 68.5%, 67% and 67%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions.

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

Based on the change in actuarial assumptions adopted by the STRS Board, recent investment experience and the insufficiency of the contributions received in fiscal year 2015-16 to cover interest on the unfunded actuarial obligation, the 2016 Actuarial Valuation reports that the unfunded actuarial obligation increased by $20.5 billion since the June 30, 2015 actuarial valuation and the funded ratio decreased by 4.8% to 63.7% over such time period. Had the investment rate of return been lowered to 7.00% for the 2016 Actuarial Valuation, the unfunded actuarial obligation and the funded ratio would have been $105.1 billion and 61.8%, respectively. As a result, it is currently projected that there will be a need for higher contributions from the State, employers and members in the future to reach full funding by 2046.

As indicated above, there was no required contribution from teachers, schools districts or the State to fund the unfunded actuarial liability for the STRS defined benefit program and only the State legislature can change contribution rates.

According to the 2016 Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be sufficient to finance its obligations, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

Pursuant to Assembly Bill 1469, school districts' contribution rates will increase over a seven-year phase in period in accordance with the following schedule:

Effective Date (July 1)	**STRS School District Contribution Rate**
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	17.10
2020	18.10

Source: Madera Unified School District.

PERS. The District contributes to the School Employer Pool under the State of California Public Employees Retirement System ("PERS"), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by PERS. All qualifying classified employees of K-12 school districts in the State are members in PERS, and all of such districts participate in the same plan. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office, 200 P Street, Sacramento, CA 95814.

According to the PERS State and Schools Actuarial Valuation as of June 30, 2018, the PERS Schools plan had a funded ratio of 70.4% on a market value of assets basis. The funded ratio as of June 30, 2017, June 30, 2016, June 30, 2015, June 30, 2013, June 30, 2012 and June 30, 2011 was 79%, 74%, 77.5%, 80.6%, 80.5%, 75.5% and 78.7%, respectively. In June 2009, the PERS Board of Administration (the "PERS Board") adopted a new employer rate smoothing methodology for local governments and school employer rates. It was designed to ease the impact of the investment losses which were then expected in fiscal year 2008-09 on affiliated public employers while strengthening the long-term financial health of the pension fund. Under such methodology, certain investment losses are amortized and paid off over a fixed and declining 30-year period instead of a rolling 30-year amortization period.

In recent years, the PERS Board has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool. In March of 2012, the PERS Board adopted new economic actuarial assumptions to be used with the June 30, 2011 actuarial valuation; in particular, lowering the price inflation assumption from 3.00% to 2.75%. Lowering the price inflation assumption resulted in a reduced discount rate, which is the fund's assumed rate of return calculated based on expected price inflation and the expected real rate of return, from 7.75% to 7.5%. According to PERS, this reduction in the discount rate is anticipated to increase State and school district employer contributions for each fiscal year beginning in fiscal year 2012-13 by 1.2% to 1.6% for miscellaneous plans (which includes general office and others) and by 2.2% to 2.4% for safety plans beginning in fiscal year 2012-13. In April of 2013, the PERS Board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, PERS employed a new amortization and smoothing policy that pays for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which are delayed until fiscal year 2015-16 for the State, schools and all public agencies, are expected to increase contribution rates in the near term but lower contribution rates in the long term.

In February of 2014, the PERS Board adopted new actuarial demographic assumptions that take into account public employees living longer. Such assumptions are expected to increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. PERS estimates that the new demographic assumptions could cost public agency employers up to 9% of payroll for safety employees and up to 5% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that future experiences differ from PERS' current assumptions, the required employer contributions may vary.

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

The District's total employer contributions from all funds to PERS for fiscal years 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 were $2,122,666, $2,309,396, $2,705,207, $3,014,456, $3,973,169,

$4,789,564 respectively, and were equal to 100% of the required contributions for each year. The District estimates employer contributions to PERS of $5,321,836 for fiscal year 2018-19 and has budgeted $5,462,332 for fiscal year 2019-20. With the change in actuarial assumptions described above, the District anticipates that its contributions to PERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "−Governor's Pension Reform" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to PERS in future years.

PERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the PERS comprehensive annual financial report and actuarial valuations may be obtained from PERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. STRS and PERS are more fully described in Note 11 to the District's financial statements attached hereto as APPENDIX B − "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018."

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("Statement Number 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 took effect in fiscal years beginning after June 15, 2013, and Statement Number 68 took effect in fiscal years beginning after June 15, 2014. See APPENDIX B - "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018."

As established by federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee's gross earnings. An employee is required to contribute 6.2% of his or her gross earnings to the pension plan.

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of $3,728,542 (5.541% of salaries subject to STRS). Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts have not been included in the budget amounts reported in the General Fund Budgetary Schedule. These amounts have been recorded in the District's financial statements. On behalf payments have been excluded from the calculation of available reserves.

Retiree Healthcare. The District provides post-employment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 59 for classified and 55 for certificated with at least 15 years of service. As of June 30, 2018, approximately 1,860 employees and beneficiaries meet those eligibility requirements. Expenditures for post-employment benefits are recognized on a pay-as-you-go basis, as retirees report claims. During fiscal year 2017-18, expenditures of $2,317,178 were recognized for retirees' health care benefits. Plan members receiving benefits contributed $231,966 in premiums.

The District has entered into contracts with certain eligible employees whereby a predetermined percentage of the employees final years' salary will be paid for a 60-month period for Certificated employees and a 36-month period for Classified employees and continued medical insurance coverage equivalent to the medical plan in effect for all Certificated and Classified employees until age 65. The outstanding contract amount for this purpose is $316,936 and is reported as long-term debt. The amount paid during the fiscal year 2015-16 related to the early retirement programs totaled $99,910.

The District has entered into an agreement with the Public Agency Retirement System (PARS) to provide an early retirement incentive to qualified certificated employees. The District is required to make five annual payments to the program for the benefit of participating retirees in the amount of $456,598 per year beginning July 10, 2016. The District's outstanding obligation at June 30, 2018, is $1,369,793.

The Government Accounting Standards Board ("GASB") issued its final accrual accounting standards for retiree healthcare benefits, GASB 45, in June 2004 ("GASB 45"). GASB 45 requires local governmental employers who provide other post-employment benefits ("OPEB") as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. GASB 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of the governmental employer.

The amount of actuarial liability (past and present) for the District, as of July 1, 2017 is $27,805,707. As of July 1, 2017, the most recent actuarial evaluation date, the District did not have a funded plan. The actuarial accrued liability ("AAL") for benefits was $27,805,707 and the unfunded actuarial accrued liability ("UAAL") was $27,805,707.

GABS 45 generally provides for prospective implementation; that is, the employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District implemented GASB 45 beginning in the fiscal year ending June 30, 2009.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2012-13 through 2017-18 are set forth in Table 7 below.

TABLE 15
MADERA UNIFIED SCHOOL DISTRICT
OPEB Obligations
Fiscal Years 2012-13 through 2017-18

Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2013	$2,867,459	$2,581,485	90.03%	$3,517,368
2014	2,659,168	2,431,677	91.45	3,744,859
2015	2,655,112	2,362,632	88.98	4,037,339
2016	2,423,270	2,449,453	101.08	4,011,156
2017	2,423,736	2,638,567	88.98	3,796,325
2018	2,470,282	2,317,178	93.80	3,140,559

Source: Madera Unified School District Audited Financial Statements.

On June 26, 2018, the District's Board of Education adopted a resolution which authorized the District to establish an irrevocable tax-exempt trust for funding future OPEB costs. The District contributed $2 million for deposit in such trust for fiscal year 2018-19 and is planning on budgeting an additional $500,000 for deposit in such trust during fiscal year 2019-20.

Insurance

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 contracted with the California Risk Management Authority (CRMA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. The District also pays for workers' compensation through the California Risk Management Authority.

The District has contracted with California's Valued Trust (the "Trust") to provide employee health, dental and vision benefits. Benefits are self-funded and are paid out of the assets of the Trust. Each participating school district's contribution to the Trust is determined by the collective bargaining agreement between the individual district and California Teacher's Association, of which MUTA is a member, or California School Employees Association and/or by the participating agreement between the district and the Trust with respect to employees not covered by a collective bargaining agreement. 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.

Long Term District Debt

General. In addition to the District's ongoing obligations with respect to retirement plans and OPEB described above, the District has outstanding general obligation bonds, certificates of participation and capital leases. The District has never defaulted on the payment of principal or interest on any of its long-term indebtedness. See Note 8 of APPENDIX B – "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR

FISCAL YEAR ENDED JUNE 30, 2018" for summaries and expected debt service requirements of the District's long-term debt.

As of June 30, 2018, the District had an estimated $192,826,216 of long-term debt outstanding. The District's outstanding general obligation debt, consisting of the Series 2005 Bonds, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2012 Bonds, the Series 2014 Bonds, the Series 2015 Bonds, the Series 2016 Bonds and the Series 2017 Bonds (each as defined below), is payable from *ad valorem* taxes levied on the parcels within the District, and not from general revenues of the District. On March 15, 2014, the District issued Refunding Certificates of Participation (the "2014 Certificates") in the aggregate principal amount of $16,745,000 pursuant to a private placement lease agreement with the Madera Unified School District Financing Corporation. On August 16, 2018, the District issued Certificates of Participation (the "2018 Certificates") in the aggregate principal amount of $76,360,000. The District also leases equipment, portable class rooms, and school buses pursuant to capital leases.

A schedule of changes in debt for the fiscal year ended June 30, 2018 is set forth in Table 16 below.

TABLE 16
MADERA UNIFIED SCHOOL DISTRICT
Schedule of Changes in Debt as of June 30, 2018[1]

	Balance July 1, 2017, as restated	Additions	Deductions	Balance June 30, 2018	Due in One Year
General Obligation Bonds-2005					
Capital Appreciation Bonds	$ 24,561,616	$1,190,920	$ -	$ 25,752,536	$1,925,000
General Obligation Bonds-2006					
Capital Appreciation Bonds	3,242,169	158,931	-	3,401,100	-
General Obligation Bonds-2007					
Capital Appreciation Bonds	14,707,345	664,965	-	15,372,310	-
2012 Refunding General Obligation Bonds	11,265,000	-	510,000	10,755,000	575,000
Premium	386,857	-	32,238	354,619	-
2014 Refunding General Obligation Bonds	13,425,000	-	3,085,000	10,340,000	1,535,000
Premium	1,749,582	-	249,940	1,499,642	-
General Obligation Bonds-2015					
Current Interest Bonds	4,570,000	-	2,720,000	1,850,000	1,850,000
Premium	99,874	-	99,874	-	-
General Obligation Bonds-2016					
Current Interest Bonds	4,501,000	-	-	4,501,000	-
Premium	261,359	-	10,890	250,469	-
General Obligation Bonds-2017					
Current Interest Bonds	63,000,000	-	-	63,000,000	440,000
Premium	6,229,070	-	214,180	6,014,890	-
Certificates of Participation-2014	14,690,000	-	630,000	14,060,000	650,000
State Preschool Revolving Loan	18,735	-	18,735	-	-
Compensated Absences-Net	543,671	-	380,473	163,198	-
District Early Retirement Program	104,285	125,049	99,910	129,424	-
PARS Early Retirement Program	1,826,391	-	456,598	1,369,793	-
Capital Leases	3,206,201	-	334,525	2,871,676	297,298
Other Postemployment Benefits (OPEB) Liability-District Plan	30,976,065	1,562,367	2,680,864	29,857,568	-
Other Postemployment Benefits (OPEB)-Medicare Premium Payment (MPP) Program	1,373,175	-	90,184	1,282,991	-
Total	$200,737,395	$3,702,232	$11,613,411	$192,826,216	$7,272,298

(1) Excludes the District's $76,360,000 Certificates of Participation issued in August 2018.
Source: Madera Unified School District.

General Obligation Bonds

The District received authorization at an election held on November 5, 2002, by an affirmative vote of 63.5% of the votes cast by eligible voters within the District (the "2002 Authorization") to issue not to exceed $46,000,000 of general obligation bonds. The election was conducted pursuant to California State Proposition 39 of November 2000 (and applicable statutes), which amended Article XIIIA of the California Constitution to permit the approval of general obligation bonds of a school district by 55% or more of the votes cast on the measure, subject to certain accountability features (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein). The bonds of the 2002 Authorization consist of $16,200,000 aggregate principal amount of the Series 2003 Bonds (the "Series 2003 Bonds"), $25,999,103.50 aggregate principal amount of General Obligation Bonds, Election of 2002, Series 2005 Bonds (the "Series 2005 Bonds") and $3,800,058.80 of General Obligation Bonds, Election of 2002, Series 2006 Bonds (the "Series 2006 Bonds"). The Series 2006 Bonds represented the final series of bonds within the 2002 Authorization. After the sale of the Series 2006 Bonds, there was no principal remaining from the 2002 Authorization for the issuance of additional bonds to fund new money projects.

The District received authorization at an election held on November 7, 2006, by an affirmative vote of 60.6% of the votes cast by eligible voters within the District (the "2006 Authorization") to issue not to exceed $32,500,000 of general obligation bonds. The election was conducted pursuant to California State Proposition 39 of November 2000 (and applicable statutes), which amended Article XIIIA of the California Constitution to permit the approval of general obligation bonds of a school district by 55% or more of the votes cast on the measure, subject to certain accountability features (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein). The bonds of the 2006 Authorization consist of $27,998,538.95 aggregate principal amount of the Election of 2006, Series 2007 Bonds (the "Series 2007 Bonds") and $4,501,000 Election of 2006, Series 2016 Bonds (the "Series 2016 Bonds"). The Series 2016 Bonds represented the final series of bonds under the 2006 Authorization. After the sale of the Series 2016 Bonds, there was no principal remaining for the issuance of additional bonds to fund new money projects under the 2006 Authorization.

On November 4, 2014, by an affirmative vote of 58.3% the qualified electors of the District approved general obligation bond indebtedness in an amount not to exceed $70,000,000 for the purpose of constructing and improving school facilities, including a new high school (the "2014 Authorization"). The District issued its $7,000,000 aggregate principal amount of Election of 2014, Series 2015 Bonds (the "Series 2015 Bonds") on September 17, 2015. The District issued its $63,000,000 aggregate principal amount of Election of 2014, Series 2017 Bonds (the "Series 2017 Bonds") on June 15, 2017. The Series 2017 Bonds were the second and final series of bonds issued under the 2014 Authorization.

On November 6 2018, by an affirmative vote of 63.5%, the qualified electors of the District approved general obligation bond indebtedness in an amount not to exceed $120,000,000 for the purpose of constructing and improving school facilities, (the "2018 Authorization"). The Bonds will the first series of Bonds issued under the 2018 Authorization.

On March 15, 2012, the District refunded a portion of outstanding Series 2003 Bonds with its $12,925,000 General Obligation Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds"). On December 18, 2014, the District refunded a portion of outstanding Series 2005 Bonds, Series 2006 Bonds and Series 2007 Bonds with the issuance of its $15,535,000 General Obligation Refunding Bonds Series 2014 (the "Series 2014 Refunding Bonds"). The District may determine in the future to refund any series of outstanding bonds of the 2002 Authorization, the 2006 Authorization, the 2014 Authorization or the 2018 Authorization in accordance with the provisions of the California Government Code.

Set forth below is an aggregate debt service schedule to the outstanding general obligation bonds of the District, assuming no optional redemption.

MADERA UNIFIED SCHOOL DISTRICT
Debt Service Schedule of Outstanding General Obligation Bonds

Maturity Date (June 30)	Series 2005 Bonds	Series 2006 Bonds	Series 2007 Bonds	Series 2012 Refunding Bonds	Series 2014 Refunding Bonds	Series 2016 Bonds	Series 2017 Bonds	The Bonds	Total*
2019	$ 2,015,000.00	$ 280,000.00	-	$ 1,023,268.76	$ 1,870,250.00	$ 154,531.26	$ 5,142,100.00		$ 10,485,150.02
2020	2,100,000.00	295,000.00	-	1,072,668.76	1,948,750.00	154,531.26	3,048,900.00		8,619,850.02
2021	2,200,000.00	305,000.00	-	1,120,068.76	2,039,750.00	154,531.26	2,570,500.00		8,389,850.02
2022	2,300,000.00	325,000.00	-	1,166,368.76	2,127,250.00	154,531.26	2,720,500.00		8,793,650.02
2023	2,400,000.00	335,000.00	-	1,220,568.76	2,226,000.00	154,531.26	2,812,500.00		9,148,600.02
2024	2,510,000.00	350,000.00	$ 2,510,000.00	1,277,968.76	-	154,531.26	2,912,600.00		9,715,100.02
2025	2,625,000.00	365,000.00	2,620,000.00	1,331,218.76	-	154,531.26	3,015,100.00		10,110,850.02
2026	2,740,000.00	385,000.00	2,735,000.00	1,390,618.76	-	154,531.26	3,121,600.00		10,526,750.02
2027	2,865,000.00	405,000.00	2,855,000.00	1,452,043.76	-	154,531.26	3,231,600.00		10,963,175.02
2028	2,995,000.00	425,000.00	2,985,000.00	1,518,106.26	-	154,531.26	3,344,600.00		11,422,237.52
2029	4,650,000.00	675,000.00	3,115,000.00	-	-	154,531.26	3,460,100.00		12,054,631.26
2030	4,805,000.00	760,000.00	3,255,000.00	-	-	154,531.26	3,582,600.00		12,557,131.26
2031	-	-	3,475,000.00	-	-	154,531.26	3,706,350.00		7,335,881.26
2032	-	-	-	-	-	600,531.26	3,834,950.00		4,435,481.26
2033	-	-	-	-	-	598,381.26	3,971,150.00		4,569,531.26
2034	-	-	-	-	-	596,437.50	4,109,350.00		4,705,787.50
2035	-	-	-	-	-	599,231.26	4,254,150.00		4,853,381.26
2036	-	-	-	-	-	601,031.26	4,404,950.00		5,005,981.26
2037	-	-	-	-	-	596,800.00	4,556,150.00		5,152,950.00
2038	-	-	-	-	-	600,337.50	4,717,350.00		5,317,687.50
2039	-	-	-	-	-	597,812.50	4,882,850.00		5,480,662.50
2040	-	-	-	-	-	599,437.50	5,052,600.00		5,652,037.50
2041	-	-	-	-	-	-	5,230,600.00		5,230,600.00
2042	-	-	-	-	-	-	5,410,600.00		5,410,600.00
2043	-	-	-	-	-	-	5,600,400.00		5,600,400.00
2044	-	-	-	-	-	-	5,795,600.00		5,795,600.00
2045	-	-	-	-	-	-	6,000,400.00		6,000,400.00
2046	-	-	-	-	-	-	6,208,800.00		6,208,800.00
	$34,205,000.00	$4,905,000.00	$23,550,000.00	$12,572,900.10	$10,212,000.00	$7,398,906.42	$116,698,950.00		$209,542,756.52

* Excludes debt service on the Bonds.

Certificates of Participation

The District issued its 2014 Certificates of Participation in the amount of $16,745,000 which refunded the District's 2004 Certificates of Participation. The following table sets forth lease payments payable by the District in connection with the 2014 Certificates, assuming no prepayments.

MADERA UNIFIED SCHOOL DISTRICT
Schedule of Lease Payments for 2014 Certificates

Year Ending June 30	Principal	Interest	Total
2019	$ 650,000	$ 531,544	$ 1,181,544
2020	680,000	505,809	1,185,809
2021	705,000	479,009	1,184,009
2022	730,000	451,241	1,181,241
2023-2027	4,090,000	1,801,673	5,891,673
2028-2032	4,950,000	929,776	5,879,776
2033-2034	2,255,000	88,139	2,343,139
Total	$14,060,000	$4,787,191	$18,847,191

Source: Madera Unified School District.

Additionally, the District issued its 2018 Certificates of Participation (the "2018 Certificates") in July 2018, in the amount of $76,360,000. The following table sets forth lease payments payable by the District in connection with the 2018 Certificates, assuming no prepayments.

MADERA UNIFIED SCHOOL DISTRICT
Schedule of Lease Payments for 2018 Certificates

Year Ending June 30	Principal	Interest	Total
2020	-	$ 3,909,895.83	$ 3,909,895.83
2021	-	3,753,500.00	3,753,500.00
2022	$ 1,285,000	3,753,500.00	5,038,500.00
2023	1,350,000	3,689,250.00	5,039,250.00
2024	1,415,000	3,621,750.00	5,036,750.00
2025	1,490,000	3,551,000.00	5,041,000.00
2026	1,560,000	3,476,500.00	5,036,500.00
2027	1,640,000	3,398,500.00	5,038,500.00
2028	1,720,000	3,316,500.00	5,036,500.00
2029	1,810,000	3,230,500.00	5,040,500.00
2030	1,900,000	3,140,000.00	5,040,000.00
2031	1,995,000	3,045,000.00	5,040,000.00
2032	2,095,000	2,945,250.00	5,040,250.00
2033	2,200,000	2,840,500.00	5,040,500.00
2034	2,310,000	2,730,500.00	5,040,500.00
2035	2,425,000	2,615,000.00	5,040,000.00
2036	2,545,000	2,493,750.00	5,038,750.00
2037	2,670,000	2,366,500.00	5,036,500.00
2038	2,805,000	2,233,000.00	5,038,000.00
2039	2,945,000	2,092,750.00	5,037,750.00
2040	3,095,000	1,945,500.00	5,040,500.00
2041	3,250,000	1,790,750.00	5,040,750.00
2042	3,410,000	1,628,250.00	5,038,250.00
2043	3,580,000	1,457,750.00	5,037,750.00
2044	3,760,000	1,278,750.00	5,038,750.00
2045	3,950,000	1,090,750.00	5,040,750.00
2046	4,145,000	893,250.00	5,038,250.00
2047	4,350,000	686,000.00	5,036,000.00
2048	4,570,000	468,500.00	5,038,500.00
2049	4,800,000	240,000.00	5,040,000.00
	$75,070,000	$73,682,645.83	$148,752,645.83

Source: Madera Unified School District.

Preschool Revolving Loan

The District entered into certain non-interest loans with the California Department of Education for child care facilities at certain school sites of the District. The District made its final payment for such loans in the amount of $18,735 on June 30, 2018.

Capital Leases

The District has entered into a facilities and equipment lease to finance energy efficiency improvements, including HVAC control units, interior lighting retrofits, replacement of an outdated chilled and hot water coil system with new efficient HVAC systems at five school sites. The District's capital lease obligations are as follows:

	Leases
Balance, July 1, 2017	$3,879,282
Payments	(673,081)
Balance, June 30, 2018	$3,206,201

Source: Madera Unified School District, Audited Financial Report June 30, 2018.

The capital lease has minimum lease payments as follows:

Year Ending June 30	Lease Payment
2019	$ 391,039
2020	391,039
2021	391,039
2022	391,039
2023-2027	1,368,634
Total	$3,762,682
Less: Amount Representing Interest	(452,153)
Present Value of Minimum Lease Payments	$2,871,676

Source: Madera Unified School District, Audited Financial Report June 30, 2018.

State Funding of Education

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

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

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

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

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

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

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

Recent State Budgets

Certain information about the State budgeting process and the State budget (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 or the Underwriter and is not incorporated herein by reference*.

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

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

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

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

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

2018-19 State Budget. On June 27, 2018, the Governor signed the State budget for fiscal year 2018-19 (the "2018-19 State Budget"). The 2018-19 State Budget estimates that general fund revenues available in fiscal year 2017-18 totaled approximately $129.82 billion (including a prior year balance of $5.70 billion) and total expenditures in fiscal year 2017-18 totaled approximately $127.05 billion. The 2018-19 State Budget projects total general fund revenues available for fiscal year 2018-19 of $133.33 billion (including a prior year balance of $8.483 billion). The 2018-19 State Budget projects total general fund expenditures of $138.69 billion. The 2018-19 State Budget proposes to allocate $200 million of the State's general fund's projected fund balance to the State's reserve for liquidation of encumbrances and $2.6 billion of such fund balance to the State's Constitutional rainy day fund (the "Special Fund for Economic Uncertainties").

According to the Legislative Analyst's Office, the 2018-19 State Budget proposes to end fiscal year 2018-19 with $15.3 billion in total reserves, which includes $13.8 billion in the Special Fund for Economic Uncertainties. The budget would increase the Special Fund for Economic Uncertainties by over $5 billion in fiscal year 2018-19, including an optional $2.6 billion deposit. The 2018-19 State Budget deposits into the Special Fund for Economic Uncertainties results in such fund reaching its constitutional maximum. The Legislative Analyst's Office advises that this approach may be prudent in light of economic and federal budget uncertainty, but comes with trade-offs for the State, including requiring rainy day reserves in excess of 10 percent to be spent on infrastructure projects.

The 2018-19 State Budget provides for $78.4 billion of funding through Proposition 98. Other significant features of the 2018-19 State Budget with respect to K-12 education funding include the following:

- Total funding of $97.2 billion ($56.1 billion General Fund and $41.1 billion other funds) for all K-12 education programs;

- Approximately $600 million of Proposition 51 funds, approved by voters in 2016, allocated through the School Facilities Program;

- $3.7 billion in new funding for LCFF, including both 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;

- $300 million one-time Proposition 98 General Fund for the Low-Performing Student Block Grant, which will provide resources in addition to LCFF funds to local education agencies with students who: (1) perform at the lowest levels on the State's academic assessments, and (2) do not generate supplemental LCFF funds or State or federal special education resources; and

- $57.8 million Proposition 98 General Fund for county offices of education to provide technical assistance to school districts.

Proposed 2019-20 State Budget. On January 10, 2019, the Governor released the State budget for fiscal year 2019-20 (the "2019-20 Proposed State Budget"). The 2019-20 Proposed State Budget assumes moderate growth in revenues of approximately $5.24 billion. The projected general fund revenues and transfers available in fiscal year 2019-20 totaled approximately $147.9 billion and total expenditures in such fiscal year totaled approximately $144.2 billion. As a part of the expenditures for fiscal year 2019-20, the 2019-20 Proposed State Budget allocates approximately $20.6 billion in discretionary spending, with approximately $9.7 billion to pay down State liabilities, $5.1 billion to one-time or temporary program spending and $3 billion to discretionary reserves. The 2019-20 Proposed State Budget also estimates $18.5 billion in reserves by the end of fiscal year 2019-20 which includes a balance of $15.3 billion for the State's budget stabilization account, $2.3 billion for the Special Fund for Economic Uncertainties and $900 million for the State's safety net reserve which may be utilized for CalWORKS and Medi-Cal in the event of a recession.

The 2019-20 Proposed State Budget provides for $80.7 billion of funding through Proposition 98. Other significant features of the 2019-20 Proposed State Budget with respect to K-12 education funding include the following:

- $2 billion augmentation to the LCFF, and approximately $576 million for special education;
- 3.46% cost-of-living adjustment to LCFF;
- $3 billion one-time non-Proposition 98 General Fund payment to STRS to reduce pension costs for K-12 schools and community colleges, of this amount a total of $700 million would be provided to buy down the employer contribution rates in 2019-20 and 2020-21. Based on current assumptions, employer contributions would decrease from 18.13% to 17.1% in 2019-20 and from 19.1% to 18.1% in 2020-21;
- $1.5 billion release of Proposition 51 bond funds; and
- $1.2 million ongoing Proposition 51 bond fund and State School Site Utilization Funds, and 10 positions for the Office of Public School Construction to support the increased processing of applications and program workload.

May Revision. On May 9, 2019, the Governor released his May revision (the "May Revision") to the 2019-20 Proposed State Budget. The May Revision projects total general fund revenues and transfers of $138 billion and $143.8 billion for fiscal years 2018-19 and 2019-20, respectively, and total expenditures of $143.2 billion for fiscal years 2018-19 and 2019-20, respectively. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $20.1 billion, including $4.8 billion in the traditional general fund reserve, $14.4 billion in the BSA and $900 million in the Safety Net Reserve Fund. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $19.5 billion, including $1.6 billion in the traditional general fund reserve, $16.5 billion in the Budget Stabilization Account and $900 million in the Safety Net Reserve Fund.

The May Revision includes total funding of $101.8 billion for all K-12 education programs. The May Revision sets the minimum funding guarantee for fiscal year 2017-18 at $75.6 billion, an increase of $78.4 million from the level set by the 2019-20 Proposed State Budget. For fiscal year 2018-19, the May Revision sets the minimum funding guarantee at $78.1 billion, an increase of $279 million from the 2019-20 Proposed State Budget.

For fiscal year 2019-20, the May Revision sets the minimum funding guarantee at $81.1 billion, an increase of $389 million from the 2019-20 Proposed State Budget. Fiscal year 2019-20 is now projected to be a "Test 1" year. Although total Proposition 98 funding increases during fiscal years 2017-18 through 2019-20, the State general fund share of education funding also increases by approximately $1.1 billion, due to a decrease in projected property tax revenues over this period.

Other significant adjustments, or additional proposals, with respect to K-12 education funding include the following:

- *Local Control Funding Formula* - An increase of $70 million Proposition 98 funding in fiscal year 2018-19, as well as a decrease of $63.9 million to the funding level for fiscal year 2019-20, each relative to the 2019-20 Proposed State Budget. These changes reflect adjustments to ADA and the fiscal year 2019-20 cost-of-living-adjustment that affect the LCFF calculation.

- *Proposition 98 Reserve Deposit* - The May Revision projects that a deposit to the Public School System Stabilization Account of $389.3 million will be required during fiscal year 2019-20 in order to comply with Proposition 2. The amount of the deposit reflects the difference between the projected "Test 1" funding level in 2019-20, and the prior year's funding level, as adjusted for growth and inflation.

- *Categorical Programs* - A decrease of $7.4 million in Proposition 98 funding for selected categorical programs relative to the amount set in the 2019-20 Proposed State Budget, reflecting a change in the cost-of-living-agreement from 3.46% to 3.26%.

- *Special Education* - A total of $696.2 million in ongoing Proposition 98 funding for special education. This reflects a $119.2 million increase from the amount set in the 2019¬20 Proposed State Budget, and would be a 21% increase from the prior year.

The District does not provide assurances regarding the 2018-19 State Budget, the 2019-20 Proposed State Budget or May Revision, nor can it predict the impact that the 2018-19 State Budget, the 2019-20 Proposed State Budget, the May Revision or subsequent budgets, will have on its finances and operations.

The full summary of the 2018-19 State Budget, the 2019-20 Proposed State Budget and the May Revision can be viewed at www.ebudget.ca.gov or www.dof.ca.gov.

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

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see "- Dissolution of Redevelopment Agencies" below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years — such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

State Budget Disclaimer; Availability of Budget Documents

Disclaimer Regarding State Budgets. The execution of the foregoing 2019-20 Proposed State Budget, along with the May Revision, and future State Budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2018-19 State Budget, or subsequent State Budgets, will have on its own finances and operations.

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 the State Budget information set forth or referred to in this Official Statement or incorporated herein.

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111, 187 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.

Constitutionally Required Funding of Education

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

Article XIIIA of the California Constitution

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

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

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

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

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

Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

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

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

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

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

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

Unitary Property

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

Articles XIIIC and XIIID

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

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

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

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

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

Proposition 98

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

(b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

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

Proposition 111

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

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

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

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

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

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

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

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as “Proposition 39”) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. 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 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 fiscal year 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.

Proposition 30 and Proposition 55

Proposition 30 appeared on the November 6, 2012 statewide ballot as an initiated constitutional amendment ("Proposition 30"), and it was approved by State voters. Proposition 30 increased the State sales tax from 7.25 percent to 7.50 percent, increased personal income tax rates on higher income brackets for seven years, and temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers).

The revenues generated from the temporary tax increases are 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 the end of 2030, instead of the scheduled expiration date of December 31, 2018. However, Proposition 55 does not extend the expiration date for the increase in California sales and excise taxes authorized as a part of Proposition 30. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

California Senate Bill 222

Senate Bill 222 ("SB 222") was signed by the California Governor on July 13, 2015 and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter-approved general obligation bonds which are secured by *ad valorem* tax collections are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. 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 and Changes in Law

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 111, 1A, 22, 26, 30 and 39 were each adopted as measures that qualified for the ballot. From time to time other initiative measures or other legislative enactments 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.

LEGAL MATTERS

Legal Opinion

The proceedings in connection with the authorization, sale, execution and delivery of the Bonds are subject to the approval as to their legality of Best Best & Krieger LLP, Riverside, California ("Bond Counsel"). A copy of the legal opinion, certified by the official in whose office the original is filed, will be attached to each Bond, and a form of such opinion is attached as APPENDIX A. Best Best & Krieger LLP, Riverside, California, is acting as Disclosure Counsel to the District ("Disclosure Counsel"). Kutak Rock LLP, Denver, Colorado, is serving as counsel to the Underwriter ("Underwriter's Counsel").

The fees of Bond Counsel, Disclosure Counsel and the Underwriter's Counsel are contingent upon delivery of the Bonds.

Legality for Investment in California

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

Continuing Disclosure

The District has covenanted, 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 on an annual basis (an "Annual Report") not later than eight months after the end of the District's fiscal year (which currently would be March 1), commencing by March 1, 2020, with the report for the 2018-19 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. The Annual Report and other required notices will be filed by the District with the Municipal Securities Rulemaking Board (the "MSRB") in the manner prescribed by the Securities Exchange Commission. The specific nature of such information is set forth below under the caption APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

During the last five years, the District has failed to file in a timely manner notices of rating changes for multiple series of outstanding insured bonds in 2017. The District has made remedial filings to correct such failures.

In order to ensure ongoing compliance by the District and its related entities with their continuing disclosure undertakings, (i) the District is evaluating instituting new procedures to ensure future compliance; and (ii) the District has contracted with Isom Advisors, a Division of Urban Futures, Inc. to assist the District in filing accurate, complete and timely disclosure reports on behalf 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.

Litigation

There is no action, suit or proceeding known to be pending, or threatened, restraining or enjoining the execution or delivery of the Bonds or any other document relating to the Bonds or in any way contesting or affecting the validity of the foregoing.

There are a number of lawsuits and claims pending against the District which have arisen in the regular course of administering the affairs of the District. In the opinion of the District, such suits and claims as are presently pending will not have a material adverse effect on the ability of the District to pay debt service on the Bonds.

MUNICIPAL ADVISOR

Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California, is acting as the District's municipal advisor (the "Municipal Advisor") in connection with the Bonds. The Municipal Advisor is a registered "Municipal Advisor" with the Securities Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The fees of the Municipal Advisor with respect to the Bonds are contingent upon their sale and delivery. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

TAX MATTERS

Federal Tax Status

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, 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 paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (“Tax Code”) that must be satisfied subsequent to the issuance of the Bonds. The District has covenanted to comply with each such requirement.

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest with respect to 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. 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 Special Counsel expresses no opinion.

California Tax Status

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

Form of Opinion

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

Other Tax Considerations

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

MISCELLANEOUS

Rating

The District has obtained a rating on the Bonds from Moody's Investors Services, Inc. ("Moody's") of "Aa3."

Such rating reflects only the views of such organization. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions of their own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by Moody's, if in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of the 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 an aggregate purchase price of $__________ (consisting of the principal amount of the Bonds of $__________, plus original issue premium in the amount of $__________, and less Underwriter's discount in the amount of $__________).

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

While the Underwriter does not believe that the following represent potential or actual material conflicts of interest, in May 2015, Stifel's Fabric of Society program provided scholarships to a graduating senior attending Madera High School and a graduating senior attending Madera South High School.

Audited Financial Statements

The District's audited financial statements for fiscal year 2017-18, included in this Official Statement have been audited by Vavrinek, Trine, Day & Company, LLP, a professional accountancy corporation, independent auditors, as stated in their report in this Official Statement.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Bonds. Quotations from and summaries and explanations of the Bonds and of the statutes and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Any Bond owner may obtain copies of District audits and budgets, as available, from the District at 1902 Howard Road, Madera, California 93637. The District may impose a charge for copying, mailing and handling.

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

The delivery of this Official Statement has been duly authorized by the District.

MADERA UNIFIED SCHOOL DISTRICT

By: ____
Superintendent

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Madera Unified School District
Board of Education
1902 Howard Road
Madera, California 93637

Re: $35,000,000* Madera Unified School District (Madera County, California) General Obligation Bonds, Election of 2018, Series 2019

Ladies and Gentlemen:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $35,000,000* Madera Unified School District General Obligation Bonds, Election of 2018, Series 2019 (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination, as bond counsel, of existing law, certified copies of such legal proceedings and such other proof as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and certifications demonstrate lawful authority for the issuance and sale of the Bonds pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A, subdivision (b) of Section 18 of Article XVI of the California Constitution, and Section 15266 of the Education Code of the State of California, a fifty-five percent vote of the qualified electors of the Madera Unified School District (the "District") voting at an election held on November 6, 2018, Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and a resolution of the Board of Education of the District (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations.

4. Interest on the Bonds is exempt from State of California personal income tax.

* Preliminary, subject to change.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution permits certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect of such action on the exclusion from gross income of interest for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than as expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted in the Resolution to comply with all such requirements.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

APPENDIX B

DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018

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MADERA UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

MADERA UNIFIED SCHOOL DISTRICT

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JUNE 30, 2018

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FINANCIAL SECTION

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

VALUE THE difference

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Madera Unified School District
Madera, 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 Madera 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.

6051 N. Fresno St., Suite 101, Fresno, CA 93710 P 559.248.0871 F 559.248.0875 W vtdcpa.com

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 Madera 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 15, budgetary comparison schedule on page 73, schedule of changes in the District's total OPEB liability and related ratios on page 74, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 75, schedule of the District's proportionate share of the net pension liability on page 76, and the schedule of District contributions on page 77, 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 Madera 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 10, 2018, on our consideration of the Madera 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 Madera 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 Madera Unified School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Fresno, California
December 10, 2018

MADERA UNIFIED SCHOOL DISTRICT
1902 Howard Road, Madera, California 93637
(559) 675-4500

FAX: (559) 675-1186
www.madera.k12.ca.us

MANAGEMENT DISCUSSION AND ANALYSIS

This section of Madera Unified School District (MUSD) annual financial report presents the District's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Madera Unified's Annual Financial Report

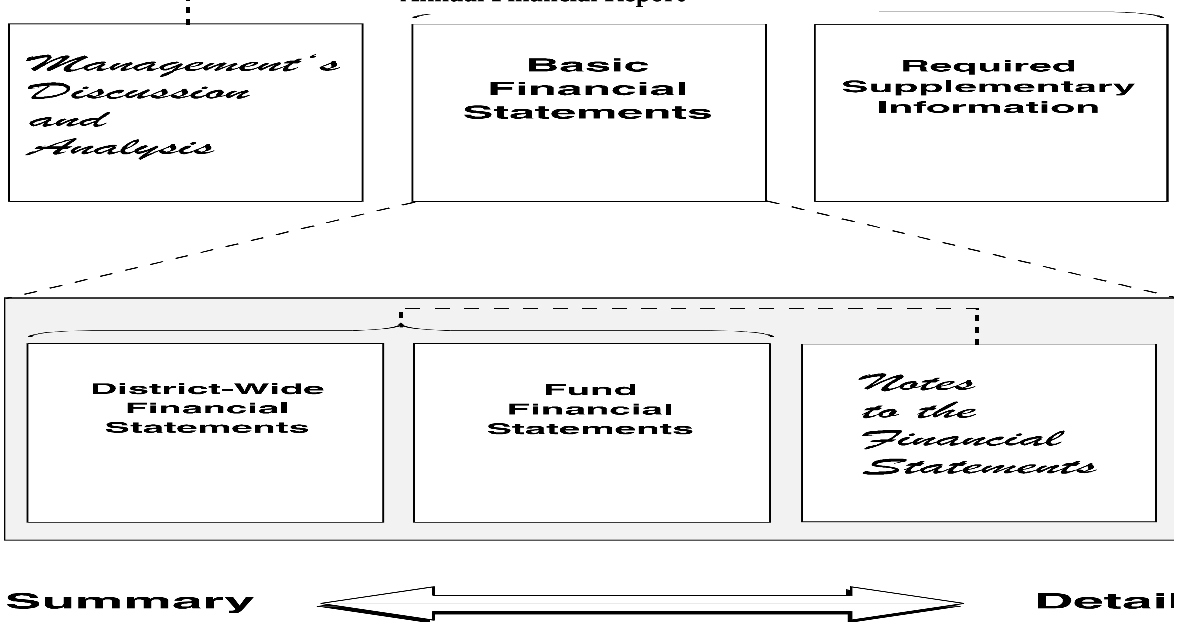


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2. Major Features of the District-wide and Fund Financial Statements

		Fund Statements	
Type of Statements	**District-wide**	**Governmental Funds**	**Fiduciary Funds**
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as student body activities
Required financial statements	•statement of net position •statement of activities	•balance sheet •statement of revenues, expenditures & changes in fund balances •reconciliation to government-wide financial statements	•statement of fiduciary net position •statement of changes in fiduciary net position

		Fund Statements	
Type of Statements	**District-wide**	**Governmental Funds**	**Fiduciary Funds**
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; standard funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expense during year, regardless of when cash i received or paid

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are combined into one category:

- Governmental activities - The District's basic services are included here, such as regular and special education, transportation, food services, adult education and administration. Property taxes, state formula aid and fees charged, finance most of these activities.

FUND FINANCIAL STATEMENTS

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

- Some funds are required by State law.
- The District establishes other funds to control and manage money for particular purposes (like food services and adult education) or to show that it is properly using certain revenues.

The District has two kinds of fund types:

- Governmental funds - The District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was $83.5 million on June 30, 2018, increasing by $8.3 million (see Table A-1).

Table A-1
Net Position
(in millions of dollars)

	Governmental Activities		
	2018	2017, as restated	Change
Assets			
Current and Other Assets	$ 193.5	$ 200.6	$ (7.1)
Capital Assets	252.7	237.4	15.3
Total Assets	446.2	438.0	8.2
Deferred Outflows of Resources	73.2	43.9	29.3
Liabilities			
Current Liabilities	26.3	26.2	0.1
Long-Term Obligations Outstanding	192.8	200.7	(7.9)
Net Pension Liability	209.3	175.3	34.0
Total Liabilities	428.4	402.2	26.2
Deferred Inflows of Resources	7.5	4.5	3.0
Net Position			
Net Investment in Capital Assets	145.8	138.4	7.4
Restricted	26.3	28.3	(2.0)
Unrestricted	(88.6)	(91.5)	2.9
Total Net Position	$ 83.5	$ 75.2	$ 8.3

Changes in net position. The District's total governmental revenues were $276.6 million (see Table A-2). Property taxes and state aid formula accounted for most of the District's revenue, with federal and state unrestricted aid contributing about $184.0 million and property taxes contributing about $33.1 million. Another $49.5 million came from categorical programs, $0.9 million came from fees charged for services, and $9.1 million from miscellaneous sources including developer fees.

The total cost of all governmental programs and services was $268.3 million. The District's expenses are primarily related to educating and caring for students (81 percent). The purely administrative activities of the District accounted for just five percent of the total cost.

Total revenues surpassed expenses, increasing net position $8.3 million over last year. Governmental activities contributed to the District's healthier fiscal status.

Table A-2
Changes in Net Position
(in millions of dollars)

	Governmental Activities		
	2018	2017	Change
Revenues			
General Revenues:			
Federal and State Aid Formula	$ 184.0	$ 180.0	$ 4.0
Property Taxes	33.1	33.1	-
Other	9.1	6.0	3.1
Program Revenues:			
Charges for Services	0.9	0.6	0.3
Categorical Programs	49.5	45.3	4.2
Total Revenues	276.6	265.0	11.6
Expenses			
Instruction Related	181.1	167.3	13.8
Pupil Services	35.4	32.5	2.9
Administration	14.0	14.6	(0.6)
Plant Services	24.9	22.6	2.3
Other	12.9	11.4	1.5
Total Expenses	268.3	248.4	19.9
Increase in Net Position	**$ 8.3**	**$ 16.6**	**$ (8.3)**

GOVERNMENTAL ACTIVITIES

The District strives to uphold its fiduciary duties by protecting and preserving the fiscal prosperity of the District. Adherence to the Madera Unified mission statement of establishing a financially sound and effective organization plays a pivotal role in creating a safe and orderly learning environment, that will result in the greatest student achievement. Our goal is long-term stability to ensure that our focus remain true to providing a quality education, and safe and appropriate facilities for our students.

Table A-3 presents the cost of the District's major activities: instruction, student transportation services, food services, pupil services, administration, plant services, and all other services. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3
Net Cost of Governmental Activities
(in millions of dollars)

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction	$ 181.1	$ 167.3	$ 150.6	$ 140.9
Student Transportation	7.7	7.1	7.6	7.0
Food Services	13.7	12.6	0.5	0.1
Pupil Services	14.0	12.8	11.7	11.1
Administration	14.0	14.6	12.3	13.1
Plant Services	24.9	22.6	24.1	21.8
All Other Services	12.9	11.4	11.1	8.5
Total	**$ 268.3**	**$ 248.4**	**$ 217.9**	**$ 202.5**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The strong financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $167.2 million which was a decrease of $7.2 million over the prior year. The primary reasons for the decrease were:

- The decrease in the General Fund Balance of $6.1 million is due primarily to a transfer of $16.7 million to the Special Reserve Capital Outlay Fund for school facilities costs.
- The capital project funds increased by $2.5 million as contributions from the General Fund exceeded capital outlay costs during the year.
- The debt service funds decreased by $1.9 million as current required bond payments exceeded local tax revenues.
- The special revenue funds decreased by $0.9 million. A decrease in the Cafeteria Fund of about $0.7 million was the primary reason.

GENERAL FUND BUDGETARY HIGHLIGHTS

Four budget periods occur over the course of the year, as the District revises its budget and addresses unexpected changes in revenues and expenditures. The Budget Advisory Committee members met three times during fiscal year to review the budget and discuss the financial process. Federal and State revenue revisions were made during the year, increasing estimates as it became apparent that actual increases would be realized. Corresponding expenditure revisions were implemented to reflect increasing estimates. For 2018-2019, the committee will contain three Governing Board members, three community members, and ten District administrators. Our goal is transparency, timely information, and community and District input.

The District budgeted a decrease in General Fund balance of approximately $24.9 million. Although revenues and transfers in were approximately $4.5 million less than budgeted, expenditures and transfers out were approximately $23.3 million less than budgeted, leaving the fund with a decrease of approximately $6.1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2018, the District had invested $252.7 million in a broad range of capital assets, including land, school buildings, computer and audio visual equipment, and administrative offices (see Table A-4). This amount represents an increase of $15.3 million (net of accumulated depreciation) over last year.

Table A-4
Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Total Percentage
	2018	2017	Change
Land	$ 13.8	$ 13.8	0.0%
Construction in Progress	52.2	39.3	32.8%
Site Improvements	13.9	14.0	-0.7%
Buildings	162.3	159.4	1.8%
Furniture and Equipment	10.5	10.9	-3.7%
Total	**$ 252.7**	**$ 237.4**	**30.3%**

We present more detailed information about our capital assets in the Notes to Financial Statements.

LONG-TERM OBLIGATIONS

At year-end the District had $192.8 million long-term obligations outstanding – a decrease of 3.9 percent from last year (see Table A-5).

Table A-5
Outstanding Long-Term Obligations
(in millions of dollars)

	Governmental Activities 2018	Governmental Activities 2017, as restated	Total Percentage Change
General Obligation Bonds	$ 143.1	$ 148.0	-3.3%
Certificates of Participation	14.1	14.7	-4.1%
Compensated Absences	0.1	0.6	-83.3%
Early Retirement	1.5	1.9	-21.1%
Capital Leases Payable	2.9	3.2	-9.4%
Other Postemployment Benefits	31.1	32.3	-3.7%
Total	**$ 192.8**	**$ 200.7**	**-3.9%**

The District's Fitch bond rating as of the most recent bond issuance was "AA-". In addition, the District's certificates of participation S&P rating at the time of their last issuance was "AAA". We present more detailed information about our long-term obligations in the Notes to Financial Statements.

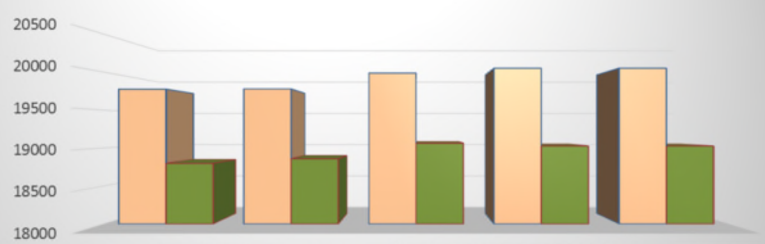
NET PENSION LIABILITY (NPL)

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 $70.9 million, Deferred Inflows from pension activities of $7.5 million, and a Net Pension Liability of $209.3 million. We present more detailed information regarding our net pension liability in the Notes to Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

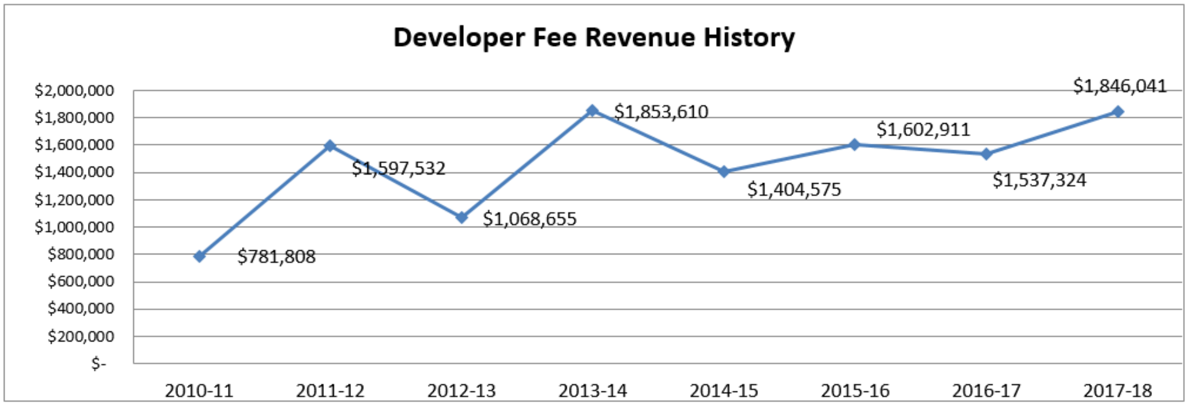
The District closely monitors its budget on a monthly basis and has a multi-year projection for three years. The LCFF calculator is updated four times per year and revenue projections are evaluated, until full implementation of the LCFF in 2020-2021. The list below are factors that could impact financial stability in the future:

- The District had enrollment growth in 2017-2018 and our attendance rate was 96 percent. Madera Unified encourages students to improve attendance and be present to learn.



	2014-15	2015-16	2016-17	2017-18	2018-19
Enrollment CBED	19775	19778	19986	20050	20050
P2 ADA	18800	18859	19064	19026	19026

- The District completed salary negotiations with our labor partners up through the 2017-2018 school year. Certificated salaries were increased three percent, Classified salaries were increased four percent and the Insurance Contribution was increased three percent. We are currently in negotiations for 2018-2019 Fiscal Year.
- We continue our 12 Year Facilities Master Plan that our Governing Board approved in September of 2016. This plan will continue to be our road map for building schools, modernization and purchasing land for future growth. We have broken ground for the Matilda Torres High School which will open in August of 2020.
- Increases in CalSTRS and CalPERS costs continue to be monitored and are a major concern of the District. Multiyear projections will continue to include these increases.
- Developer Fee revenue was higher in 2017-2018. The County of Madera has many projects on the horizon, including California High Speed Rail and a Casino and we expect continued housing growth. These revenues will be spent on facilities for students and other District needs.



- Maintain Board Policy of ten percent reserves. The Governing Board has a Minimum Fund Balance resolution as of March 14, 2017. Although our minimum balance policy has been lowered to ten percent, the District history has a higher reserve percentage and fluctuations above ten percent are expected.

	2014-15	2015-16	2016-17	2017-18	2018-19
Total Reserve	$31,916,130	$40,874,553	$45,254,207	$40,160,417	$34,086,646
Assigned	$8,085,558	$11,045,289	$8,596,914	$7,858,971	$7,518,941
Yr End Reserve %	17.2%	19.2%	19.4%	16.0%	12.6%

- Continue to maintain facilities and fund Deferred Maintenance at a full three percent of the District's budget. Madera Unified completed several facility projects as listed below. We will continue to complete additional projects in the upcoming year.

COLLEGE AND CAREER READINESS

Madera Unified School District is working together with students, teachers, staff, parents, and community partners to ensure every student is prepared for College, equipped for Career, and empowered with Character. The College and Career Readiness guiding principal is to ensure all students are given an equal opportunity to graduate, with the greatest number of postsecondary choices, from the widest array of options.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Madera Unified School District, 1902 Howard Road, Madera, California 93637.

MADERA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Deposits and investments	$ 183,474,207
Receivables	9,264,183
Prepaid expenses	13,508
Stores inventories	762,027
Nondepreciable capital assets	66,012,211
Capital assets being depreciated	292,761,409
Accumulated depreciation	(106,102,022)
Total Assets	446,185,523
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	2,317,178
Deferred outflows of resources related to pensions	70,854,192
Total Deferred Outflows of Resources	73,171,370
LIABILITIES	
Accounts payable	22,940,084
Unearned revenue	3,368,488
Long-term obligations:	
Current portion of long-term obligations other than pensions	7,272,298
Noncurrent portion of long-term obligations other than pensions	185,553,918
Total Long-Term Obligations	192,826,216
Aggregate net pension liability	209,261,030
Total Liabilities	428,395,818
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	7,495,559
NET POSITION	
Net investment in capital assets	145,807,561
Restricted for:	
Debt service	13,052,114
Capital projects	7,343,745
Educational programs	3,110,536
Other activities	2,785,720
Unrestricted	(88,634,160)
Total Net Position	$ 83,465,516

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

MADERA UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues	
Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	$ 146,581,255	$ 24,693	$ 24,498,775
Instruction-related activities:			
Supervision of instruction	13,683,576	1,419	4,149,408
Instructional library, media, and technology	3,385,726	976	555,712
School site administration	17,473,085	1,593	1,246,162
Pupil services:			
Home-to-school transportation	7,646,839	13,946	11,269
Food services	13,700,473	105,481	13,127,047
All other pupil services	14,029,289	57	2,386,642
Administration:			
Data processing	4,006,149	-	172
All other administration	9,987,216	7,537	1,718,906
Plant services	24,871,504	2,984	761,093
Ancillary services	3,558,373	26	78,909
Community services	28,519	-	481
Enterprise services	240,227	-	-
Interest on long-term obligations	5,642,476	-	-
Other outgo	3,448,122	768,558	954,527
Total Governmental Activities	$ 268,282,829	$ 927,270	$ 49,489,103

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

Interagency revenues

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.

Net (Expenses) Revenues and Changes in Net Position
Governmental Activities
$ (122,057,787)
(9,532,749)
(2,829,038)
(16,225,330)
(7,621,624)
(467,945)
(11,642,590)
(4,005,977)
(8,260,773)
(24,107,427)
(3,479,438)
(28,038)
(240,227)
(5,642,476)
(1,725,037)
(217,866,456)
25,789,311
7,275,707
855,433
183,958,091
1,299,904
507,292
6,474,435
226,160,173
8,293,717
75,171,799
$ 83,465,516

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Building Fund	Special Reserve Capital Outlay Fund
ASSETS			
Deposits and investments	$ 63,959,758	$ 59,484,880	$ 38,211,744
Receivables	6,675,162	-	-
Due from other funds	501,389	-	1,128,365
Prepaid expenditures	13,508	-	-
Stores inventories	503,164	-	-
Total Assets	$ 71,652,981	$ 59,484,880	$ 39,340,109
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 17,312,902	$ 5,197,310	$ 153,019
Due to other funds	275	1,128,365	-
Unearned revenue	3,144,812	-	-
Total Liabilities	20,457,989	6,325,675	153,019
Fund Balances:			
Nonspendable	541,672	-	-
Restricted	2,633,932	53,159,205	-
Committed	-	-	-
Assigned	7,858,971	-	39,187,090
Unassigned	40,160,417	-	-
Total Fund Balances	51,194,992	53,159,205	39,187,090
Total Liabilities and Fund Balances	$ 71,652,981	$ 59,484,880	$ 39,340,109

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

Non-Major Governmental Funds	Total Governmental Funds
$ 21,817,825	$ 183,474,207
2,589,021	9,264,183
275	1,630,029
-	13,508
258,863	762,027
$ 24,665,984	$ 195,143,954
$ 276,853	$ 22,940,084
501,389	1,630,029
223,676	3,368,488
1,001,918	27,938,601
264,003	805,675
23,396,180	79,189,317
3,883	3,883
-	47,046,061
-	40,160,417
23,664,066	167,205,353
$ 24,665,984	$ 195,143,954

MADERA UNIFIED SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds		**$ 167,205,353**
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	$ 358,773,620	
Accumulated depreciation is	(106,102,022)	
Net Capital Assets		252,671,598
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	18,769,036	
Net change in proportionate share of net pension liability	11,071,154	
Difference between projected and actual earnings on pension plan investments	1,850,102	
Differences between expected and actual experience in the measurement of the total pension liability.	2,492,118	
Changes of assumptions	36,671,782	
Total Deferred Outflows of Resources Related to Pensions		70,854,192
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:		
Difference between projected and actual earnings on pension plan investments	(4,148,837)	
Differences between expected and actual experience in the measurement of the total pension liability.	(2,717,041)	
Changes of assumptions	(629,681)	
Total Deferred Inflows of Resources Related to Pensions		(7,495,559)
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.		2,317,178

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

MADERA UNIFIED SCHOOL DISTRICT

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

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (209,261,030)
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.		
Bonds payable	$ 143,091,566	
Certificates of participation	14,060,000	
Compensated absences (vacations)	163,198	
District early retirement program	129,424	
PARS early retirement program	1,369,793	
Capital leases payable	2,871,676	
Other postemployment benefits (OPEB) liability	31,140,559	
Total Long-Term Obligations		(192,826,216)
Total Net Position - Governmental Activities		**$ 83,465,516**

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

MADERA UNIFIED SCHOOL DISTRICT

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

	General Fund	Building Fund
REVENUES		
Local Control Funding Formula	$ 202,604,078	$ -
Federal sources	14,763,871	-
Other State sources	20,584,736	-
Other local sources	6,546,339	836,457
Total Revenues	244,499,024	836,457
EXPENDITURES		
Current		
Instruction	135,215,373	-
Instruction-related activities:		
Supervision of instruction	12,849,632	-
Instructional library, media and technology	3,313,187	-
School site administration	16,053,465	-
Pupil services:		
Home-to-school transportation	6,460,416	-
Food services	8,273	-
All other pupil services	13,418,137	-
Administration:		
Data processing	4,398,113	-
All other administration	8,759,429	-
Plant services	22,837,099	-
Ancillary services	3,526,950	-
Community services	28,095	-
Other outgo	3,448,122	-
Enterprise services	236,806	-
Facility acquisition and construction	3,014,564	14,614,700
Debt service		
Principal	334,525	-
Interest and other	109,080	-
Total Expenditures	234,011,266	14,614,700
Excess (Deficiency) of Revenues Over Expenditures	10,487,758	(13,778,243)
Other Financing Sources (Uses)		
Transfers in	55,997	-
Transfers out	(16,649,761)	-
Net Financing Sources (Uses)	(16,593,764)	-
NET CHANGE IN FUND BALANCES	(6,106,006)	(13,778,243)
Fund Balance - Beginning	57,300,998	66,937,448
Fund Balance - Ending	$ 51,194,992	$ 53,159,205

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

Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total Governmental Funds
$ -	$ -	$ 202,604,078
-	13,489,811	28,253,682
-	4,433,448	25,018,184
378,482	10,550,039	18,311,317
378,482	28,473,298	274,187,261
-	2,579,749	137,795,122
-	315,345	13,164,977
-	-	3,313,187
-	672,621	16,726,086
-	-	6,460,416
-	13,927,593	13,935,866
-	52,110	13,470,247
-	-	4,398,113
-	935,010	9,694,439
143,318	779,852	23,760,269
-	-	3,526,950
-	-	28,095
-	-	3,448,122
-	-	236,806
2,183,321	695,429	20,508,014
-	6,963,735	7,298,260
-	3,518,580	3,627,660
2,326,639	30,440,024	281,392,629
(1,948,157)	(1,966,726)	(7,205,368)
16,649,761	1,186,313	17,892,071
-	(1,242,310)	(17,892,071)
16,649,761	(55,997)	-
14,701,604	(2,022,723)	(7,205,368)
24,485,486	25,686,789	174,410,721
$ 39,187,090	$ 23,664,066	$ 167,205,353

MADERA 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		**$ (7,205,368)**
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 exceed depreciation in the period.		
Capital outlays	$ 23,142,859	
Depreciation expense	(7,831,487)	
Net Expense Adjustment		15,311,372
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(1,835)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) 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). This year, special termination benefits paid were more than those awarded by $431,459. Vacation earned was less than the amounts paid by $380,473.		811,932
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.		(10,038,809)
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.		3,525,859
Payment of principal on long-term obligations 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		6,315,000
Certificates of participation		630,000
State preschool revolving loan		18,735
Capital lease obligations		334,525

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

MADERA 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

Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.		
Amortization of bond premiums	$	607,122
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 includes additional accumulated interest that was accreted on the District's capital appreciation general obligation bonds.		(2,014,816)
Change in Net Position of Governmental Activities	**$**	**8,293,717**

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

MADERA UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Scholarship Trusts	Agency Funds
ASSETS		
Deposits and investments	$ 86,076	$ 457,814
Accounts receivable	1,013	-
Total Assets	87,089	$ 457,814
LIABILITIES		
Accounts payable	$ 1,177	$ -
Due to student groups		
Dixieland	-	9,609
Jefferson	-	22,709
King	-	35,346
La Vina	-	4,090
Washington	-	4,121
Madera High	-	164,012
Mountain Vista High	-	3,521
FCCLA	-	2,696
Desmond Middle	-	17,521
Madera South High	-	194,189
Total Liabilities	1,177	$ 457,814
NET POSITION - RESERVED		
Lorraine Thompson Scholarship	38,651	
Student Government Scholarship	1,270	
Albonico Scholarship	8,600	
Ray Pool Scholarship	7,000	
K. Roberts Memorial Scholarship	-	
R. Scott Memorial Scholarship	-	
Science & Health Scholarship	45	
E. L. L. Scholarship	-	
Binger Scholarship	2,415	
J. Desmond Scholarship	-	
J. Hinton Scholarship	-	
Cadenazzi Roberts Scholarship	627	
School of Business Scholarship	-	
Michael A Wong Class 85' Scholarship	3,000	
Joan Davis Scholarship	500	
Dave Schoettler Memorial Scholarship	40	
Madera Lions Club	193	
Audrey Pool (MSHS)	7,571	
F.F.A Memorial Fund (MSHS)	1,000	
M Wong Class of 85' (MSHS)	-	
Juan Garcia Farmworker Scholarship	15,000	
Total Net Position	$ 85,912	

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

MADERA UNIFIED SCHOOL DISTRICT

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

	Scholarship Trusts
ADDITIONS	
Private donations and earnings	
Lorraine Thompson Scholarship	$ -
Student Government Scholarship	-
Albonico Scholarship	-
Ray Pool Scholarship	5,000
K. Roberts Memorial Scholarship	-
R. Scott Memorial Scholarship	-
Science & Health Scholarship	1
E. L. L. Scholarship	-
Binger Scholarship	30
J. Desmond Scholarship	-
J. Hinton Scholarship	500
Cardenazzi Roberts Scholarship	8
School of Business Scholarship	-
Michael A Wong Class 85' Scholarship	2,000
Joan Davis Scholarship	575
Dave Schoettler Memorial Scholarship	-
Madera Lions Club	18
Audrey Pool (MSHS)	5,000
F.F.A Memorial Fund (MSHS)	1,000
M Wong Class of 85' Scholarship (MSHS)	-
Juan Garcia Farmworker Scholarship	16,500
Total Additions	30,632

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

FIDUCIARY FUNDS - SCHOLARSHIP TRUSTS
STATEMENT OF CHANGES IN NET POSITION, Continued
FOR THE YEAR ENDED JUNE 30, 2018

	Scholarship Trusts
DEDUCTIONS	
Scholarships awarded and other expenditures	
Lorraine Thompson Scholarship	$ -
Student Government Scholarship	400
Albonico Scholarship	300
Ray Pool Scholarship	5,000
K. Roberts Memorial Scholarship	-
R. Scott Memorial Scholarship	-
Science & Health Scholarship	-
E.L.L. Scholarship	-
Binger Scholarship	-
J. Desmond Scholarship	-
J. Hinton Scholarship	500
Cardenazzi Roberts Scholarship	-
School of Business Scholarship	-
Michael A. Wong Class 85' Scholarship	1,000
Joan Davis Scholarship	500
Dave Schoettler Memorial Scholarship	-
Madera Lions Club	6,177
Audrey Pool Scholarship (MSHS)	4,000
F.F.A Memorial Fund Scholarship (MSHS)	2,382
M. Wong Class of 85' Scholarship (MSHS)	1,000
Juan Garcia Farmworker Scholarship	10,500
Total Deductions	31,759
Change in Net Position	(1,127)
Net Position - Beginning	87,039
Net Position - Ending	$ 85,912

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Madera Unified School District (the District) was established in 1966, 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 and adults, as mandated by the State and/or Federal agencies. The District operates eighteen elementary schools, three middle schools, two comprehensive high schools, two alternative education schools, one community day school, and one adult education school.

A reporting entity is comprised of the primary government 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 Madera 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. For financial reporting purposes, the component unit discussed below has 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 is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the benefit of the District.

The Madera Unified School District Financing Corporation financial activity is presented in the financial statements as the COP Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

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.

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.

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

Non-Major Governmental Funds

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

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).

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 lA), 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).

COP Debt Service Fund The COP Debt Service Fund is used to account for the interest and redemption of principal of Certificates of Participation.

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: scholarship 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.

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 Scholarship Trust Fund. 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 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*, except for depreciation. 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 or business segment 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 fund 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.

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 districts 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 districts 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.

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. As of June 30, 2018, the District had $13,508 of prepaid expenditures recorded in the General Fund for travel and conferences.

Stores Inventories

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

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. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value 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*.

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.

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

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

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.

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, only the governing board or chief business official may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

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 states that the District intends to maintain a minimum unassigned fund balance, which includes a reserve for economic uncertainties, of ten percent of the District's 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 $26,292,115 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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities 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.

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 Madera 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;
- 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.

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.

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	$ 183,474,207
Fiduciary funds	543,890
Total Deposits and Investments	$ 184,018,097

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

Cash on hand and in banks	$ 501,795
Cash in revolving	30,140
Investments	183,486,162
Total Deposits and Investments	$ 184,018,097

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.

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:

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by 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.

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:

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
County Pool	$ 181,057,372	$ -	$ -	$ 181,057,372	$ -

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, $310,178 of the District's bank balance was exposed to custodial credit risk because it was uninsured and 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.

Uncategorized - Investments in the Madera 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, consisted of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total	Scholarship Trusts
Federal Government				
Categorical aid	$ 2,715,582	$ 2,052,704	$ 4,768,286	$ -
State Government				
State grants and entitlements	3,466,069	374,522	3,840,591	-
Local Sources	493,511	161,795	655,306	1,013
Total Fund Statements	$ 6,675,162	$ 2,589,021	$ 9,264,183	$ 1,013

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 13,763,332	$ -	$ -	$ 13,763,332
Construction in progress	39,356,708	18,175,581	5,283,410	52,248,879
Total Capital Assets Not Being Depreciated	53,120,040	18,175,581	5,283,410	66,012,211
Capital Assets being depreciated				
Land improvements	20,067,380	871,031	-	20,938,411
Buildings and improvements	232,796,236	7,716,263	-	240,512,499
Furniture and equipment	30,011,660	1,663,394	364,555	31,310,499
Total Capital Assets Being Depreciated	282,875,276	10,250,688	364,555	292,761,409
Less Accumulated Depreciation				
Land improvements	6,076,659	955,074	-	7,031,733
Buildings and improvements	73,426,807	4,782,049	-	78,208,856
Furniture and equipment	19,129,789	2,094,364	362,720	20,861,433
Total Accumulated Depreciation	98,633,255	7,831,487	362,720	106,102,022
Governmental Activities Capital Assets, Net	$237,362,061	$20,594,782	$5,285,245	$252,671,598

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 4,229,003
School Administration	156,630
Pupil Transportation	1,566,297
Food Services	78,315
General Administration	469,889
Data Processing Services	391,574
Plant Maintenance and Operations	939,779
Total Depreciation Expenses, Governmental Activities	$ 7,831,487

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, between major and non-major governmental funds are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds		
General	$ 501,389	$ 275
Building	-	1,128,365
Special Reserve Capital Outlay	1,128,365	-
Total Major Governmental Funds	1,629,754	1,128,640
Non-Major Governmental Funds		
Adult Education	-	341,277
Child Development	275	29,140
Cafeteria	-	130,972
Total Non-Major Governmental Funds	275	501,389
Total All Governmental Funds	$ 1,630,029	$ 1,630,029

The General Fund owes the Child Development Non-Major Governmental Fund for adjustments to payroll expense.	$ 94
The General Fund owes the Child Development Non-Major Governmental Fund for adjustments to indirect costs.	181
The Adult Education Non-Major Governmental Fund owes the General Fund for adjustments to indirect costs.	1,311
The Adult Education Non-Major Governmental Fund owes the General Fund for adjustments to workers' compensation.	13,966
The Adult Education Non-Major Governmental Fund owes the General Fund for a temporary loan.	326,000
The Child Development Non-Major Governmental Fund owes the General Fund for adjustments to indirect costs.	5,600
The Child Development Non-Major Governmental Fund owes the General Fund for adjustments to workers' compensation.	23,540
The Cafeteria Non-Major Governmental Fund owes the General Fund for indirect costs.	71,899
The Cafeteria Non-Major Governmental Fund owes the General Fund for adjustments to workers' compensation.	59,073
The Building Fund owes the Special Reserve Capital Outlay Fund for construction project costs.	1,128,365
Total	$ 1,630,029

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 Special Reserve Capital Outlay Fund for future new school construction needs.	$ 16,649,761
The Cafeteria Non-Major Governmental Fund transferred to the General Fund for salary expense corrections.	5,664
The Capital Facilities Non-Major Governmental Fund transferred to the General Fund for the allowable three percent developer adminstration fee.	50,333
The Capital Facilities Non-Major Governmental Fund transferred to the COP Debt Service Non-Major Governmental Fund for current debt service payments.	1,186,313
Total	$ 17,892,071

NOTE 7 - ACCOUNTS PAYABLE

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

	General Fund	Building Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total	Scholarship Trusts
Vendor payables	$ 2,670,848	$ 5,197,310	$ 153,019	$ 178,887	$ 8,200,064	$ 1,177
Deferred payroll	4,993,989	-	-	-	4,993,989	-
State principal apportionment	364,471	-	-	-	364,471	-
Health and welfare benefits	6,075,301	-	-	-	6,075,301	-
Accrued salaries	3,208,293	-	-	97,966	3,306,259	-
Total	$ 17,312,902	$ 5,197,310	$ 153,019	$ 276,853	$ 22,940,084	$ 1,177

NOTE 8 - UNEARNED REVENUE

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 192,757	$ -	$ 192,757
State categorical aid	2,860,449	223,676	3,084,125
Local sources	91,606	-	91,606
Total	$ 3,144,812	$ 223,676	$ 3,368,488

NOTE 9 - 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-2005 Capital Appreciation Bonds	$ 24,561,616	$ 1,190,920	$ -	$ 25,752,536	$ 1,925,000
General obligation bonds-2006 Capital Appreciation Bonds	3,242,169	158,931	-	3,401,100	-
General obligation bonds-2007 Capital Appreciation Bonds	14,707,345	664,965	-	15,372,310	-
2012 Refunding general obligation bonds	11,265,000	-	510,000	10,755,000	575,000
Premium	386,857	-	32,238	354,619	-
2014 Refunding general obligation bonds	13,425,000	-	3,085,000	10,340,000	1,535,000
Premium	1,749,582	-	249,940	1,499,642	-
General obligation bonds-2015 Current Interest Bonds	4,570,000	-	2,720,000	1,850,000	1,850,000
Premium	99,874	-	99,874	-	-
General obligation bonds-2016 Current Interest Bonds	4,501,000	-	-	4,501,000	-
Premium	261,359	-	10,890	250,469	-
General obligation bonds-2017 Current Interest Bonds	63,000,000	-	-	63,000,000	440,000
Premium	6,229,070	-	214,180	6,014,890	-
Certificates of participation-2014	14,690,000	-	630,000	14,060,000	650,000
State Preschool Revolving Loan	18,735	-	18,735	-	-
Compensated absences - net	543,671	-	380,473	163,198	-
District early retirement program	104,285	125,049	99,910	129,424	-
PARS early retirement program	1,826,391	-	456,598	1,369,793	-
Capital leases	3,206,201	-	334,525	2,871,676	297,298
Other postemployment benefits (OPEB) liability-District Plan	30,976,065	1,562,367	2,680,864	29,857,568	-
Other postemployment benefits (OPEB)-Medicare Premium Payment (MPP) Program	1,373,175	-	90,184	1,282,991	-
Total	$ 200,737,395	$ 3,702,232	$ 11,613,411	$ 192,826,216	$ 7,272,298

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues. Payments on the State Preschool Revolving Loan are made by Child Development Fund. The COP Debt Service Fund makes payments for the Certificates of Participation. The compensated absences, early retirement programs, and other postemployment benefits obligations will be paid by the fund for which the employee worked. Payments on the capital leases are made by the General Fund.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2017	Issued/ Accreted	Redeemed/ Defeased	Bonds Outstanding June 30, 2018
Current Interest Bonds:							
2012 - Refunding General Obligation Bonds							
2/22/12	8/2012-8/2028	2.0-3.625%	$12,925,000	$ 11,265,000	$ -	$ 510,000	$ 10,755,000
2014 - Refunding General Obligation Bonds							
12/3/14	8/2015-8/2024	3.0-5.0%	15,535,000	13,425,000	-	3,085,000	10,340,000
2014 - Series 2015 General Obligation Bonds							
9/1/15	8/2016-8/2018	2.0-4.0%	7,000,000	4,570,000	-	2,720,000	1,850,000
2006 - Series 2016 General Obligation Bonds							
8/3/16	8/2032-8/2040	2.5-2.875%	4,501,000	4,501,000	-	-	4,501,000
2014 - Series 2017 General Obligation Bonds							
6/1/17	8/2018-8/2046	2.0-5.0%	63,000,000	63,000,000	-	-	63,000,000
Capital Appreciation Bonds:							
2002 - Series 2005 General Obligation Bonds:							
5/1/05	8/2018-8/2029	4.77-5.23%	13,329,104	24,561,616	1,190,920	-	25,752,536
2002 - Series 2006 General Obligation Bonds							
3/1/06	8/1/2029	4.68-4.68%	1,885,059	3,242,169	158,931	-	3,401,100
2006 - Series 2007 General Obligation Bonds							
3/1/07	8/2024-8/2031	4.41-4.52%	9,308,839	14,707,345	664,965	-	15,372,310
	Total			$ 139,272,130	$ 2,014,816	$ 6,315,000	$ 134,971,946

Debt Service Requirements to Maturity

2012 Refunding Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 575,000	$ 406,269	$ 981,269
2020	640,000	383,269	1,023,269
2021	715,000	357,669	1,072,669
2022	790,000	330,069	1,120,069
2023	860,000	306,369	1,166,369
2024-2028	5,710,000	962,420	6,672,420
2029	1,465,000	53,106	1,518,106
Total	$ 10,755,000	$ 2,799,171	$ 13,554,171

2014 Refunding Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 1,535,000	$ 517,000	$ 2,052,000
2020	1,430,000	440,250	1,870,250
2021	1,580,000	368,750	1,948,750
2022	1,750,000	289,750	2,039,750
2023	1,925,000	202,250	2,127,250
2024-2025	2,120,000	106,000	2,226,000
Total	$ 10,340,000	$ 1,924,000	$ 12,264,000

2014 - Series 2015 Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 1,850,000	$ 37,000	$ 1,887,000

2006 - Series 2016 Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 154,531	$ 154,531
2020	-	154,531	154,531
2021	-	154,531	154,531
2022	-	154,531	154,531
2023	-	154,531	154,531
2024-2028	-	772,655	772,655
2029-2033	446,000	767,080	1,213,080
2034-2038	2,400,000	555,359	2,955,359
2039-2041	1,655,000	107,424	1,762,424
Total	$ 4,501,000	$ 2,975,173	$ 7,476,173

2014 - Series 2017 Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 440,000	$ 2,695,900	$ 3,135,900
2020	2,455,000	2,638,000	5,093,000
2021	460,000	2,579,700	3,039,700
2022	-	2,570,500	2,570,500
2023	150,000	2,569,000	2,719,000
2024-2028	2,405,000	12,631,950	15,036,950
2029-2033	6,170,000	11,619,375	17,789,375
2034-2038	11,220,000	9,851,350	21,071,350
2039-2043	18,315,000	6,543,025	24,858,025
2044-2047	21,385,000	1,792,500	23,177,500
Total	$ 63,000,000	$ 55,491,300	$ 118,491,300

Capital Appreciation Bonds

The Capital Appreciation Bonds do not require annual principal and interest payments. The bonds accrete in value for the interest earned on the bonds for each fiscal year until the bonds maturity date at which time, the maturity value of the bonds is payable. Below is a summary of the current valuation (accreted value) of the bonds including the maturity value of those bonds.

	2002 - Series 2005		2002 - Series 2006		2006 - Series 2007	
Fiscal Year	Final Maturity	Accreted Obligation	Final Maturity	Accreted Obligation	Final Maturity	Accreted Obligation
2019	$ 1,925,000	$ 1,925,000	$ -	$ -	$ -	$ -
2020	2,015,000	1,921,101	280,000	268,072	-	-
2021	2,100,000	1,906,800	295,000	270,279	-	-
2022	2,200,000	1,900,800	305,000	267,302	-	-
2023	2,300,000	1,888,760	325,000	272,155	-	-
2024-2028	13,140,000	9,203,853	1,840,000	1,338,618	10,720,000	7,700,162
2029-2032	12,450,000	7,006,222	1,860,000	984,674	12,830,000	7,672,148
Total	$ 36,130,000	$ 25,752,536	$ 4,905,000	$ 3,401,100	$ 23,550,000	$ 15,372,310

Certificates of Participation

In February 2014, the Madera Unified School District issued certificates of participation in the amount of $16,745,000 with an interest rate of 3.87 percent. The proceeds were used to refund the $16,235,000 remaining balance of the 2004 Certificates of Participation.

The Certificates of Participation mature through 2034 as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 650,000	$ 531,544	$ 1,181,544
2020	680,000	505,809	1,185,809
2021	705,000	479,009	1,184,009
2022	730,000	451,241	1,181,241
2023	760,000	422,409	1,182,409
2024-2028	4,245,000	1,640,392	5,885,392
2029-2033	5,140,000	734,535	5,874,535
2034	1,150,000	22,252	1,172,252
Total	$ 14,060,000	$ 4,787,191	$ 18,847,191

Preschool Revolving Loan

The District has entered into four agreements with the California Department of Education for non-interest loans for child care facilities at the Madison site, the George Washington site, the Ceasar Chavez site, and the Pershing site. The District loan was paid in full during the 2017-2018 fiscal year.

Compensated Absences

The long-term portion of compensated absences for the District at June 30, 2018, amounted to $163,198.

District Early Retirement Program

The District has entered into contracts with certain eligible employees whereby a predetermined percentage of the employees final years salary will be paid for a 60-month period for Certificated employees and a 36-month period for Classified employees and continued medical insurance coverage equivalent to the medical plan in effect for all Certificated and Classified employees until age 65. The outstanding contract amount for this purpose is $129,424 and is reported as long-term obligations. The amount paid during the current fiscal year related to the early retirement program totaled $99,910.

PARS Early Retirement Program

The District has entered into an agreement with the Public Agency Retirement System (PARS) to provide an early retirement incentive to qualified certificated employees. The District is required to make five annual payments to the program for the benefit of participating retirees in the amount of $456,598 per year beginning July 10, 2016. The District's outstanding obligation at June 30, 2018, is $1,369,793.

Capital Leases

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

	Leases
Balance, July 1, 2017	$ 3,206,201
Payments	334,525
Balance, June 30, 2018	$ 2,871,676

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2019	$ 391,039
2020	391,039
2021	391,039
2022	391,039
2023	391,039
2024-2027	1,368,634
Total	3,323,829
Less: Amount Representing Interest	452,153
Present Value of Minimum Lease Payments	$ 2,871,676

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	$ 29,857,568	$ 2,317,178	$ 1,562,367
Medicare Premium Payment (MPP) Program	1,282,991	-	(90,184)
Total	$ 31,140,559	$ 2,317,178	$ 1,472,183

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.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	138
Active employees	1,722
Total	1,860

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.

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Madera Unified Teachers Association (MUTA), 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, MUTA, CSEA, and the unrepresented groups. For fiscal year 2017-2018, the District paid $2,317,178 in benefits.

Total OPEB Liability of the District

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	3.0 percent
Salary increases	3.0 percent, average, including inflation
Investment rate of return	3.13 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.0 percent for 2017 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 the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	$ 30,976,065
Service cost	634,449
Interest	927,918
Benefit payments	(2,680,864)
Net change in total OPEB liability	(1,118,497)
Balance at June 30, 2017	$ 29,857,568

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.13%)	$ 32,492,470
Current discount rate (3.13%)	29,857,568
1% increase (4.13%)	27,516,781

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4.0%)	$ 29,494,858
Current healthcare cost trend rate (5.0%)	29,857,568
1% increase (6.0%)	30,284,205

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.

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 $1,282,991 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 0.3050 percent, and 0.2934 percent, resulting in a net increase in the proportionate share of 0.0016 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $(90,184).

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%

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:

Discount Rate	Net OPEB Liability
1% decrease (2.58%)	$ 1,420,360
Current discount rate (3.58%)	1,282,991
1% increase (4.58%)	1,149,370

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:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 1,159,378
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,282,991
1% increase (4.7% Part A and 5.1% Part B)	1,405,368

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Capital Outlay Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 25,000	$ -	$ -	$ 5,140	$ 30,140
Stores inventories	503,164	-	-	258,863	762,027
Prepaid expenditures	13,508	-	-	-	13,508
Total Nonspendable	541,672	-	-	264,003	805,675
Restricted					
Legally restricted programs	2,633,932	-	-	3,000,321	5,634,253
Capital projects	-	53,159,205	-	7,343,745	60,502,950
Debt service	-	-	-	13,052,114	13,052,114
Total Restricted	2,633,932	53,159,205	-	23,396,180	79,189,317
Committed					
Adult education program	-	-	-	3,883	3,883
Assigned					
School site/athletics	484,165	-	-	-	484,165
Supplemental concentration	1,535,071	-	-	-	1,535,071
Visual and performing arts	23,504	-	-	-	23,504
Technology reimbursement	678,505	-	-	-	678,505
Textbook adoptions	903,255	-	-	-	903,255
Career technical education	2,889,374	-	-	-	2,889,374
Future E-Rate projects	864,918	-	-	-	864,918
Vacation accrual	480,179	-	-	-	480,179
Capital projects	-	-	39,187,090	-	39,187,090
Total Assigned	7,858,971	-	39,187,090	-	47,046,061
Unassigned					
Reserve for economic uncertainties	7,519,688	-	-	-	7,519,688
Remaining unassigned	32,640,729	-	-	-	32,640,729
Total Unassigned	40,160,417	-	-	-	40,160,417
Total	$ 51,194,992	$ 53,159,205	$ 39,187,090	$ 23,664,066	$ 167,205,353

NOTE 11 - 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 contracted with the California Risk Management Authority (CRMA) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The District pays for workers' compensation through the California Risk Management Authority.

Employee Medical Benefits

The District has contracted with California's Valued Trust to provide employee health, dental and vision benefits. Benefits are self funded and are paid out of the assets of the Trust. Each participating school district's contribution to the Trust is determined by the collective bargaining agreement between the individual district and CTA or California School Employees Association and/or by the participating agreement between the district and the Trust with respect to employees not covered by a collective bargaining agreement. 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.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 155,779,286	$ 51,989,709	$ 6,865,878	$ 17,716,541
CalPERS	53,481,744	18,864,483	629,681	11,091,304
Total	$ 209,261,030	$ 70,854,192	$ 7,495,559	$ 28,807,845

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.

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 $13,979,472.

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	$ 155,779,286
State's proportionate share of the net pension liability associated with the District	92,157,710
Total	$ 247,936,996

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 0.1684 percent and 0.1650 percent, resulting in a net increase in the proportionate share of 0.0034 percent.

For the year ended June 30, 2018, the District recognized pension expense of $17,716,541. In addition, the District recognized pension expense and revenue of $9,276,558 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	$ 13,979,472	$ -
Net change in proportionate share of net pension liability	8,574,218	-
Difference between projected and actual earnings on pension plan investments	-	4,148,837
Differences between expected and actual experience in the measurement of the total pension liability	576,087	2,717,041
Changes of assumptions	28,859,932	-
Total	$ 51,989,709	$ 6,865,878

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	$ (3,449,082)
2020	2,609,937
2021	376,337
2022	(3,686,029)
Total	$ (4,148,837)

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	$ 6,202,489
2020	6,202,489
2021	6,202,489
2022	6,202,488
2023	5,198,195
Thereafter	5,285,046
Total	$ 35,293,196

Actuarial Methods and Assumptions

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

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

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

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

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

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%)	$ 228,733,448
Current discount rate (7.10%)	155,779,286
1% increase (8.10%)	96,572,040

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%

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 $4,789,564.

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 $53,481,744. 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 0.2240 percent and 0.2119 percent, resulting in a net increase in the proportionate share of 0.0121 percent.

For the year ended June 30, 2018, the District recognized pension expense of $11,091,304. 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	$ 4,789,564	$ -
Net change in proportionate share of net pension liability	2,496,936	-
Difference between projected and actual earnings on pension plan investments	1,850,102	-
Differences between expected and actual experience in the measurement of the total pension liability	1,916,031	-
Changes of assumptions	7,811,850	629,681
Total	$ 18,864,483	$ 629,681

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 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	$ (50,132)
2020	2,134,616
2021	778,733
2022	(1,013,115)
Total	$ 1,850,102

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	$ 4,513,570
2020	3,921,504
2021	3,160,062
Total	$ 11,595,136

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

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.38%
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:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 78,688,784
Current discount rate (7.15%)	53,481,744
1% increase (8.15%)	32,570,394

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

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 $7,494,395 (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. On behalf payments have been included in the calculation of available reserves.

NOTE 13 - 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 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.

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
Matilda Torres High School	$ 171,600,000	August 2020

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS

The District is a member of the California Risk Management Authority (CRMA) and the California's Valued Trust (CVT) public entity risk pools. The District pays an annual premium to these entities for its property and liability, workers' compensation and health coverage. The relationship between the District and the pools is such that they are not component units of the District for financial reporting purposes.

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

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

During the year ended June 30, 2018, the District made payment of $3,092,517 to CRMA for property and liability, and workers' compensation coverage.

During the year ended June 30, 2018, the District made payment of $38,938,416 to CVT for health and welfare benefits.

NOTE 15 - SUBSEQUENT EVENTS

On August 16, 2018, the District issued $75,070,000 of Certificates of Participation at an interest rate of 5.0 percent. The certificates, which mature through September 1, 2048, have been issued for the construction of a new high school within the District.

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	$ 103,724,714
Inclusion of net OPEB liability from the adoption of GASB Statement No. 75	(28,552,915)
Net Position - Beginning as Restated	$ 75,171,799

REQUIRED SUPPLEMENTARY INFORMATION

MADERA UNIFIED SCHOOL DISTRICT

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

	Budgeted Amounts			Variances - Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
REVENUES				
Local Control Funding Formula	$ 203,975,467	$ 203,256,658	$ 202,604,078	$ (652,580)
Federal sources	12,495,615	18,451,740	14,763,871	(3,687,869)
Other State sources	14,403,675	21,008,141	20,584,736	(423,405)
Other local sources	4,433,747	6,242,968	6,546,339	303,371
Total Revenues	235,308,504	248,959,507	244,499,024	(4,460,483)
EXPENDITURES				
Current				
Certificated salaries	101,737,592	101,649,992	98,552,452	3,097,540
Classified salaries	30,277,389	31,028,754	30,234,755	793,999
Employee benefits	65,863,464	62,873,697	63,391,497	(517,800)
Books and supplies	13,450,279	22,191,545	12,999,944	9,191,601
Services and operating expenditures	19,857,664	25,158,305	20,806,054	4,352,251
Other outgo	2,393,130	7,943,523	2,530,012	5,413,511
Capital outlay	761,816	11,548,450	5,052,947	6,495,503
Debt service - principal	334,525	334,525	334,525	-
Debt service - interest	104,329	104,329	109,080	(4,751)
Total Expenditures	234,780,188	262,833,120	234,011,266	28,821,854
Excess (Deficiency) of Revenues Over Expenditures	528,316	(13,873,613)	10,487,758	24,361,371
Other Financing Sources (Uses)				
Transfers in	30,000	35,664	55,997	20,333
Other sources	-	95,803	-	(95,803)
Transfers out	(11,177,217)	(11,177,217)	(16,649,761)	(5,472,544)
Other uses	(7,000)	(7,000)	-	7,000
Net Financing Sources (Uses)	(11,154,217)	(11,052,750)	(16,593,764)	(5,541,014)
NET CHANGE IN FUND BALANCES	(10,625,901)	(24,926,363)	(6,106,006)	18,820,357
Fund Balance - Beginning	57,300,998	57,300,998	57,300,998	-
Fund Balance - Ending	$ 46,675,097	$ 32,374,635	$ 51,194,992	$ 18,820,357

See accompanying note to required supplementary information.

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

	2018
Total OPEB Liability	
Service cost	$ 634,449
Interest	927,918
Benefit payments	(2,680,864)
Net change in total OPEB liability	(1,118,497)
Total OPEB liability - beginning	30,976,065
Total OPEB liability - ending	$ 29,857,568
Covered payroll	N/A[1]
District's total OPEB liability as a percentage of covered payroll	N/A[1]

[1] 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.

MADERA UNIFIED SCHOOL DISTRICT

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

Year ended June 30,	2018
District's proportion of the net OPEB liability	0.3050%
District's proportionate share of the net OPEB liability	$ 1,282,991
District's covered-employee payroll	N/A [1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A [1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

[1] 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.

MADERA UNIFIED SCHOOL DISTRICT

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

	2018	2017
CalSTRS		
District's proportion of the net pension liability	0.1684%	0.1650%
District's proportionate share of the net pension liability	$ 155,779,286	$133,433,285
State's proportionate share of the net pension liability associated with the District	92,157,710	75,961,189
Total	$ 247,936,996	$ 209,394,474
District's covered - employee payroll	$ 90,127,401	$ 83,354,240
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	172.84%	160.08%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%
CalPERS		
District's proportion of the net pension liability	0.2240%	0.2119%
District's proportionate share of the net pension liability	$ 53,481,744	$ 41,858,308
District's covered - employee payroll	$ 28,608,648	$ 25,446,577
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	186.94%	164.49%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%

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

See accompanying note to required supplementary information.

2016	2015
0.1630%	0.1504%
$109,768,136	$ 87,863,363
58,055,243	53,055,692
$ 167,823,379	$ 140,919,055
$ 74,943,153	$ 68,012,364
146.47%	129.19%
74%	77%
0.2062%	0.1894%
$ 30,391,170	$ 21,502,181
$ 22,981,956	$ 20,186,890
132.24%	106.52%
79%	83%

MADERA UNIFIED SCHOOL DISTRICT

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

	2018	2017
CalSTRS		
Contractually required contribution	$ 13,979,472	$ 11,338,027
Contributions in relation to the contractually required contribution	13,979,472	11,338,027
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 96,877,838	$ 90,127,401
Contributions as a percentage of covered - employee payroll	14.43%	12.58%
CalPERS		
Contractually required contribution	$ 4,789,564	$ 3,973,169
Contributions in relation to the contractually required contribution	4,789,564	3,973,169
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 30,838,735	$ 28,608,648
Contributions as a percentage of covered - employee payroll	15.531%	13.888%

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

See accompanying note to required supplementary information.

2016	2015
$ 8,943,910	$ 6,654,952
8,943,910	6,654,952
$ -	$ -
$ 83,354,240	$ 74,943,153
10.73%	8.88%
$ 3,014,656	$ 2,705,206
3,014,656	2,705,206
$ -	$ -
$ 25,446,577	$ 22,981,956
11.847%	11.771%

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

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

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.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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.

SUPPLEMENTARY INFORMATION

MADERA 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/ Contract Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Fund For The Improvement of Education - ESSC	84.215E	N/A	$ 176,663
Fund For The Improvement of Education - Carol M. White	84.215F	N/A	367,277
Passed Through California Department of Education (CDE):			
Title I - Part A, Basic	84.010	14329	8,104,216
Title I - Part C, Migrant	84.011	14326	470,889
Title I - Part C, Migrant Summer	84.011	10005	18,223
Title I - Part G, Advanced Placement Fee Program	84.330B	14831	7,270
Title II - Part A, Supporting Effective Instruction	84.367	14341	721,938
Title III - English Language Acquisition - LEP	84.365	14346	93,454
Title IV- Part B, 21st Century CLC Program	84.287	14349	2,873,882
Adult Education, Basic	84.002A	14508	100,857
Adult Education, English Literacy and Civics Education	84.002A	14109	34,333
Adult Education, Secondary Education	84.002	13978	90,422
Adult Education, Institutionalized Adults	84.002	13971	9,432
Special Education, Basic Local Assistance	84.027	13379	1,184,722
Special Education, Basic Local Assistance, Private School	84.027	10115	2,658
Career and Technical Education: Adult, Section 132	84.048	14893	216,539
Career and Technical Education: Secondary, Section 131	84.048	14894	4,791
Total U.S. Department of Education			14,477,566
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through CDE:			
Child Nutrition Cluster			
National School Lunch	10.555	13391	8,622,292
Basic Breakfast	10.553	13525	80,492
Especially Needy Breakfast	10.553	13526	2,479,657
Meals Supplements-Snack	10.555	13391	370,816
Food Distribution-Commodities	10.555	13391	1,246,333
Summer Food Program	10.559	13004	64,119
Subtotal Child Nutrition Cluster			12,863,709
Fresh Fruit and Vegetable Program	10.582	14968	386,267
Total U.S. Department of Agriculture			13,249,976
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Health Care Services:			
Medi-Cal Billing Option	93.778	10013	103,595
Medi-Cal Administrative Activities	93.778	10060	422,545
Total U.S. Department of Health and Human Services			526,140
Total Expenditures of Federal Awards			$ 28,253,682

See accompanying note to supplementary information.

MADERA UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2018

ORGANIZATION

The Madera Unified School District was established in 1966 and consists of an area comprising approximately 400 square miles. The District operates eighteen elementary schools, three middle schools, two comprehensive high schools, two alternative education schools, one community day school, and one adult education school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Al Galvez	President	2018
Ed McIntyre	Clerk	2018
Ricardo Arredondo	Trustee	2020
Brent Fernandes	Trustee	2018
Phillip Huerta	Trustee	2018
Ruben Mendoza	Trustee	2020
Ray G. Seibert	Trustee	2020

ADMINISTRATION

Todd Lile	Superintendent
Sandon Schwartz	Deputy Superintendent
Sheryl Sisil	Assistant Superintendent
Kent Albertson	Chief of Human Resources Officer
Adele Nikkel	Chief Financial Officer
Linda Monreal	Chief Academic Officer, Elementary
Jesse Carrasco	Chief Academic Officer, Secondary
Babatunde Ilori	Director of Accountability and Communications
Rebecca Malmo	Executive Director of Student and Family Support Services

See accompanying note to supplementary information.

MADERA UNIFIED SCHOOL DISTRICT

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

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	6,142.95	6,148.27
Fourth through sixth	4,696.00	4,695.20
Seventh and eighth	2,945.68	2,932.43
Ninth through twelfth	5,191.82	5,131.14
Total Regular ADA	18,976.45	18,907.04
Extended Year Special Education		
Transitional kindergarten through third	1.90	1.90
Fourth through sixth	1.26	1.26
Ninth through twelfth	0.38	0.38
Total Extended Year Special Education	3.54	3.54
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	0.09
Fourth through sixth	0.95	0.87
Ninth through twelfth	0.99	0.93
Total Special Education, Nonpublic, Nonsectarian Schools	1.94	1.89
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.18	0.18
Ninth through twelfth	0.15	0.15
Total Special Education, Nonpublic, Nonsectarian Schools	0.33	0.33
Community Day School		
Seventh and eighth	8.73	10.45
Ninth through twelfth	34.51	36.32
Total Community Day School	43.24	46.77
Total ADA	19,025.50	18,959.57

See accompanying note to supplementary information.

MADERA UNIFIED SCHOOL DISTRICT

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

Grade Level	1986-1987 Minutes Requirement	2017-2018 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	55,980	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		55,860	180	N/A	Complied
Grade 2		55,860	180	N/A	Complied
Grade 3		55,860	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		55,860	180	N/A	Complied
Grade 5		55,860	180	N/A	Complied
Grade 6		55,860	180	N/A	Complied
Grade 7		55,980	180	N/A	Complied
Grade 8		55,980	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,640	180	N/A	Complied
Grade 10		65,640	180	N/A	Complied
Grade 11		65,640	180	N/A	Complied
Grade 12		65,640	180	N/A	Complied

See accompanying note to supplementary information.

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

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

See accompanying note to supplementary information.

MADERA UNIFIED SCHOOL DISTRICT

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

	(Budget) 2019 [1]	2018	2017	2016
GENERAL FUND				
Revenues and other sources	$261,782,108	$244,555,021	$234,508,233	$226,998,611
Expenditures and other uses	270,829,841	250,661,027	232,861,924	212,380,358
INCREASE/(DECREASE) IN FUND BALANCE	$ (9,047,733)	$ (6,106,006)	$ 1,646,309	$ 14,618,253
ENDING FUND BALANCE	$ 42,147,259	$ 51,194,992	$ 57,300,998	$ 55,654,689
AVAILABLE RESERVES [2]	$ 34,086,646	$ 40,160,417	$ 45,254,207	$ 40,874,553
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	12.6%	16.0%	19.4%	19.2%
LONG-TERM OBLIGATIONS [3]	Not Available	$192,826,216	$200,737,395	$104,468,571
AVERAGE DAILY ATTENDANCE AT P-2	19,079	19,026	19,064	18,858

The General Fund balance has decreased by $4,459,697 over the past two years. The fiscal year 2018-2019 budget projects a further decrease of $9,047,733 (17.67 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 two of the past three years, but anticipates incurring an operating deficit during the 2018-2019 fiscal year. Total long-term obligations have increased by $88,357,645 over the past two years due primarily to the issuance of general obligation bonds and to the implementation of GASB Statement No. 75.

Average daily attendance has increased by 168 over the past two years. Additional growth of 53 ADA is anticipated during fiscal year 2018-2019.

[1] Budget 2019 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances contained within the General Fund.
[3] 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.

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

Name of Charter School	Included in Audit Report
Ezequiel Tafoya Alvarado Academy (Charter Number 0676)	No
Sherman Thomas Charter High School (Charter Number 1058)	No
Sherman Thomas Charter School (Charter Number 0507)	No
Sherman Thomas STEM Academy (Charter Number 1780)	No

See accompanying note to supplementary information.

MADERA UNIFIED SCHOOL DISTRICT

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

	Adult Education Fund	Child Development Fund	Cafeteria Fund
ASSETS			
Deposits and investments	$ 212,755	$ 537,529	$ 678,423
Receivables	308,649	152,476	2,099,631
Due from other funds	-	275	-
Stores inventories	-	-	258,863
Total Assets	$ 521,404	$ 690,280	$ 3,036,917
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 36,732	$ 98,372	$ 120,225
Due to other funds	341,277	29,140	130,972
Unearned revenue	-	223,676	-
Total Liabilities	378,009	351,188	251,197
Fund Balances:			
Nonspendable	2,000	-	262,003
Restricted	137,512	339,092	2,523,717
Committed	3,883	-	-
Total Fund Balances	143,395	339,092	2,785,720
Total Liabilities and Fund Balances	$ 521,404	$ 690,280	$ 3,036,917

See accompanying note to supplementary information.

	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	COP Debt Service Fund	Total Non-Major Governmental Funds
	$ 5,268,116	$ 2,081,354	$ 12,266,825	$ 772,823	$ 21,817,825
	15,799	-	12,466	-	2,589,021
	-	-	-	-	275
	-	-	-	-	258,863
	$ 5,283,915	$ 2,081,354	$ 12,279,291	$ 772,823	$ 24,665,984
	$ -	$ 21,524	$ -	$ -	$ 276,853
	-	-	-	-	501,389
	-	-	-	-	223,676
	-	21,524	-	-	1,001,918
	-	-	-	-	264,003
	5,283,915	2,059,830	12,279,291	772,823	23,396,180
	-	-	-	-	3,883
	5,283,915	2,059,830	12,279,291	772,823	23,664,066
	$ 5,283,915	$ 2,081,354	$ 12,279,291	$ 772,823	$ 24,665,984

MADERA UNIFIED SCHOOL DISTRICT

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

	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES			
Federal sources	$ 239,835	$ -	$ 13,249,976
Other State sources	1,015,316	2,467,806	890,887
Other local sources	220,414	92,791	155,372
Total Revenues	1,475,565	2,560,597	14,296,235
EXPENDITURES			
Current			
Instruction	628,416	1,951,333	-
Instruction-related activities:			
Supervision of instruction	10,506	304,839	-
School site administration	672,014	607	-
Pupil services:			
Food services	-	-	13,927,593
All other pupil services	8,715	43,395	-
Administration:			
All other administration	57,499	134,504	726,107
Plant services	308,460	87,232	384,160
Facility acquisition and construction	-	-	-
Debt service			
Principal	-	18,735	-
Interest and other	-	-	-
Total Expenditures	1,685,610	2,540,645	15,037,860
Excess (Deficiency) of Revenues Over Expenditures	(210,045)	19,952	(741,625)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	(5,664)
Net Financing Sources (Uses)	-	-	(5,664)
NET CHANGE IN FUND BALANCES	(210,045)	19,952	(747,289)
Fund Balance - Beginning	353,440	319,140	3,533,009
Fund Balance - Ending	$ 143,395	$ 339,092	$ 2,785,720

See accompanying note to supplementary information.

Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	COP Debt Service Fund	Total Non-Major Governmental Funds
$ -	$ -	$ -	$ -	$ 13,489,811
-	-	59,439	-	4,433,448
2,704,038	28,354	7,344,989	4,081	10,550,039
2,704,038	28,354	7,404,428	4,081	28,473,298
-	-	-	-	2,579,749
-	-	-	-	315,345
-	-	-	-	672,621
-	-	-	-	13,927,593
-	-	-	-	52,110
16,900	-	-	-	935,010
-	-	-	-	779,852
-	695,429	-	-	695,429
-	-	6,315,000	630,000	6,963,735
-	-	2,962,451	556,129	3,518,580
16,900	695,429	9,277,451	1,186,129	30,440,024
2,687,138	(667,075)	(1,873,023)	(1,182,048)	(1,966,726)
-	-	-	1,186,313	1,186,313
(1,236,646)	-	-	-	(1,242,310)
(1,236,646)	-	-	1,186,313	(55,997)
1,450,492	(667,075)	(1,873,023)	4,265	(2,022,723)
3,833,423	2,726,905	14,152,314	768,558	25,686,789
$ 5,283,915	$ 2,059,830	$ 12,279,291	$ 772,823	$ 23,664,066

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

Non-Major Governmental Funds - 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.

INDEPENDENT AUDITOR'S REPORTS

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

Governing Board
Madera Unified School District
Madera, 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 Madera 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 Madera Unified School District's basic financial statements, and have issued our report thereon dated December 10, 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 Madera 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 Madera Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Madera 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madera 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 Madera Unified School District in a separate letter dated December 10, 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.

Vavrinek, Trine, Day + Co. LLP

Fresno, California
December 10, 2018

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

VALUE THE difference

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

Governing Board
Madera Unified School District
Madera, California

Report on Compliance for Each Major Federal Program

We have audited Madera 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 Madera Unified School District's major Federal programs for the year ended June 30, 2018. Madera 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 Madera 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 Madera 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 Madera Unified School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Madera 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 Madera 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 Madera 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 Madera 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.

Vavrinek, Trine, Day + Co. LLP

Fresno, California
December 10, 2018

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

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Madera Unified School District
Madera, California

Report on State Compliance

We have audited Madera 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 Madera 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 Madera 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 Madera 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 Madera Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Madera 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.

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
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)
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No (see below)
CHARTER SCHOOLS	
Attendance	No (see below)
Mode of Instruction	No (see below)
Non Classroom-Based Instruction/Independent Study for Charter Schools	No (see below)
Determination of Funding for Non Classroom-Based Instruction	No (see below)
Annual Instruction Minutes Classroom-Based	No (see below)
Charter School Facility Grant Program	No (see below)

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, the District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

Vavrinek, Trine, Day + Co. LLP

Fresno, California
December 10, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

MADERA UNIFIED SCHOOL DISTRICT

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

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I - Part A, Basic
84.367	Title II - Part A, Supporting Effective Instruction

Dollar threshold used to distinguish between Type A and Type B programs:	$ 847,610
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

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

None reported.

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

None reported.

MADERA UNIFIED SCHOOL DISTRICT

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

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

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

Governing Board
Madera Unified School District
Madera, California

In planning and performing our audit of the financial statements of Madera 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 10, 2018, on the government-wide financial statements of the District.

JEFFERSON MIDDLE SCHOOL - ASSOCIATED STUDENT BODY (ASB)

Cash Receipts

Observation

During our audit of the cash receipts procedures at the site, we found that sub-receipts or a class roster/log do not always have dates included on them. Without the date, auditor could not determine how long the teacher/advisor held onto the monies before turning them into the ASB Bookkeeper.

Recommendation

Prenumbered receipts or a class roster/log should be used for all collections by teachers and advisors. Documentation of what the funds are for, the amount being collected, whom it's being collected from and the date it was collected (changed custody). The ASB Bookkeeper should reconcile all funds received to the cash count sheet and prenumbered sub-receipts or class roster/log. If any discrepancies are noted, the ASB Bookkeeper should notify the teacher or advisor immediately.

Cash Disbursements

Observation

In auditing the cash disbursement procedures at the site, we noted several instances where expenditures had approvals dated after the invoice date or did not have purchase orders or requisitions indicating the expenditure was preapproved.

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Recommendation

In order to provide proper controls over spending, the site should take the necessary steps to ensure that expenditures are approved prior to the item being purchased. This will reduce the risk of unauthorized spending and help ensure that ASB clubs have sufficient funds to expend.

Revenue Potentials

Observation

During our audit, we found that Revenue Potential forms are not always completed for fundraising activities. The forms supply an element of internal control without which it is impossible to determine the financial outcome of a fundraiser.

Recommendation

Since the revenue potential form is a vital internal control tool, it should be used to document potential revenues and expenditures including actual revenue and actual expenditures. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The "Revenue Potential" form also indicates weak control areas in the fundraising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth. The "Revenue Potential" form used at the site should contain four major elements. These are:

- Potential Income-This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.

- Receipts/Fundraiser Deposits-This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor should log the date and deposit amount. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.

- Analysis-This section is used to compare the potential income as calculated in the potential income section to the actual funds raised as calculated in the receipts/fundraiser deposits section. The difference between these two amounts should be documented and explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.

- Recap-This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Governing Board
Madera Unified School District

Ticket Sales Recap Form and Master Ticket Log

Observation

During our audit, we found that a Ticket Sales Recap Form is not used at events to reconcile the number of tickets issued to the total cash amount received. Only a Cash Collection Sheet is used to document the cash being turned into ASB Bookkeeper. Also, the Master Ticket Log is not adequately completed.

Recommendation

A Ticket Sales Recap Form should be used in conjunction with the master log and should be used by the individuals issuing tickets and collecting funds at the events. The beginning and ending ticket numbers should be noted on the ticket recap form after the event and reconciled to the funds received prior to making the deposit with the ASB Bookkeeper. When the Ticket Sales Recap Form is received by the bookkeeper, the ending ticket number should be recorded in the Master Ticket Log and the sales recap form should be verified against the deposit.

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

Vavrinek, Trine, Day + Co. LLP

Fresno, California
December 10, 2018

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description under the heading "Procedures and Record Keeping" below with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, and interest on the Bonds to DTC Participants or Beneficial Owners (as such terms are defined below), confirmation and transfers of beneficial ownership interests 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.

Procedures and Record Keeping

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

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

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.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as prepayments, 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 notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend 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 the District or the 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, the Paying Agent, or the 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 the District or the 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

Discontinuance of DTC Services

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

THE PAYING AGENT, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION 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 NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by and between the Madera Unified School District (the "District") and agreed to and accepted by Isom Advisors, a division of Urban Futures, Inc., as dissemination agent (the "Dissemination Agent"), in connection with the issuance and delivery of its $35,000,000* General Obligation Bonds, Election of 2018, Series 2019 (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Trustees of the District adopted on May 14, 2019 (the "Resolution"). The District covenants as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Disclosure Representative" shall mean the Superintendent of the District, Deputy Superintendent of the District or either of their designees, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean Isom Advisors, a division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has been filed with the Dissemination Agent a written acceptance of such designation.

"Financial Obligation" shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preferences or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

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* Preliminary, subject to change.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent upon written direction to, not later than eight months after the end of the District's fiscal year, commencing with the report for the fiscal year ending June 30, 2019, which date would be March 1, 2020, provide to the Participating Underwriter and the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

The Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The District's fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The District will promptly notify the Repository and the Paying Agent and the Dissemination Agent of a change in the fiscal year dates. 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 it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the District shall provide the Annual Report to the Dissemination Agent (if the District is not the Dissemination Agent). If by fifteen (15) Business Days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent (if the District is not the Dissemination Agent) shall contact the District to determine if the District is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent, in a timely manner, shall send a notice to the Repository, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

promptly after receipt of the Annual Report, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided. The Dissemination Agent's duties under this clause (ii) shall exist only if the District provides the Annual Report to the Dissemination Agent for filing.

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

(a) The audited financial statements of the District for the most recent fiscal year of the District then ended. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the District in a format similar to the financial statements, if available, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements, if any, of the District shall be audited by such auditor as shall then be required or permitted by State law. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the District may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the

District shall modify the basis upon which its financial statements are prepared, the District shall provide a notice of such modification to the Repository, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

To the extent not included in the audited financial statement of the District, the Annual Report shall also include the following:

- Average daily attendance of the District for the last completed fiscal year;
- The District's approved annual budget for the then-current fiscal year;
- Assessed value of taxable property in the District as shown on the most recent equalized assessment role;
- If the County no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year; and
- Top twenty property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. Principal and interest payment delinquencies.

2. Tender offers.

3. Defeasances.

4. Rating changes.

5. 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).

6. Unscheduled draws on the debt service reserves reflecting financial difficulties.

7. Unscheduled draws on credit enhancement reflecting financial difficulties.

8. Substitution of credit or liquidity providers, or their failure to perform.

9. Bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental

authority having supervision or jurisdiction over substantially all of the assets or business of the District.

10. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Non-payment related defaults.

2. Modifications to rights of bondholders.

3. Bond calls.

4. Unless described under Section 5(a)(5) above, adverse tax opinions, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. Release, substitution or sale of property securing repayment of the Bonds.

6. 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.

7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(c) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The obligations of the District 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.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Initially, Isom Advisors, a Division of Urban Futures, Inc., shall be the Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the District shall be the Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the District. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the District. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing.

SECTION 8. Amendment. (a) This Disclosure Certificate may be amended, by written agreement of the parties, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the District or the type of business conducted thereby, (2) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) there shall have been delivered to the District an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the same effect as set forth in clause (2) above, (4) the District shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the effect that the amendment does not materially impair the interests of the Owners, and (5) the District shall have delivered copies of such opinion and amendment to each Repository.

(b) This Disclosure Certificate may be amended, by written agreement of the parties, upon obtaining consent of Owners of at least 25% of the outstanding Bonds; provided that the conditions set forth in Section 8(a)(1), (2) and (3) have been satisfied; and provided, further, that neither the Paying Agent or the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder.

(c) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Report 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. Such comparison shall include a quantitative and, to the extent reasonably feasible, 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.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice if occurrence of a Listed Event.

The District acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the District, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the District under such laws.

SECTION 10. Default. In the event the District fails to comply with any provision in this Disclosure Certificate, the Dissemination Agent may (or shall upon direction of the Owners of 25% in aggregate principal of the Bonds then outstanding or the Underwriter) take all action necessary to cause the District to comply with this Disclosure Certificate. In the event of a failure of the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent (if other than the District) 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 and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including 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 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 all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders, 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. No person shall have any right to commence any action against the Dissemination Agent hereunder, seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Certificate.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: ___________, 2019

MADERA UNIFIED SCHOOL DISTRICT

By: ____
Superintendent

Agreed to and accepted by:

ISOM ADVISORS, A DIVISION OF URBAN FUTURES, INC.

By:____________________________________

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Madera Unified School District
Name of Bond Issue:	$__________ Madera Unified School District General Obligation Bonds, Election of 2018, Series 2019
Date of Issuance:	June ___, 2019

NOTICE IS HEREBY GIVEN that the Madera Unified School District (the "School District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate dated ___________, 2019. The School District anticipates that the Annual Report will be filed by __________.

Dated: _______________

MADERA UNIFIED SCHOOL DISTRICT
Dissemination Agent

By:_________________________________
Authorized Signatory

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APPENDIX E

GENERAL AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY OF MADERA AND MADERA COUNTY

The District encompasses territory in the City of Madera (the "City") and adjacent unincorporated areas of the County of Madera (the "County"). The District has included information on the City because the economic growth in the City is reflective of economic growth in the District. The following economic data for the City and the County are presented for information purposes only. The Bonds are not a debt or obligation of the City or the County.

Population

The County's population in January 2019 was 159,536 persons. The County's 2019 population was 6.62% above the 2009 population.

The City is the county seat and largest city in the County, with a population of 74,375 in January 2019. The City's population increased by 24.2% since 2009, and in January 2018 accounted for 47% of the total population of the County.

The following table shows the annual population of the County and the City from 2009 to 2019.

POPULATION
CITY OF MADERA AND COUNTY OF MADERA
2009 to 2019
(As of January 1)

	City of Madera		County of Madera	
Year	Population	Annual % Change	Population	Annual % Change
2009	59,868	1.9%	149,632	1.1%
2010	61,416	2.6%	150,865	0.8%
2011	61,579	0.3%	151,185	0.2%
2012	62,199	1.0%	151,379	0.1%
2013	62,434	0.4%	151,338	0.0%
2014	62,699	0.4%	153,224	1.2%
2015	63,752	1.7%	154,827	1.0%
2016	64,169	0.6%	154,906	0.1%
2017	65,172	1.5%	156,963	1.3%
2018	65,671	1.6%	158,894	1.2%
2019	74,375	1.1%	159,536	0.8%

Source: California State Department of Finance, Demographic Research Unit, as of January 1.

Employment

The following table summarizes wage and salary employment in the County from 2013 to 2018. Agriculture and government are the largest employment sectors in the County.

ANNUAL AVERAGE WAGE AND SALARY EMPLOYMENT
County of Madera
2013-2018

Industry	Employment[1]					
	2013	2014	2015	2016	2017	2018
Agriculture	12,100	11,800	11,300	12,100	12,000	12,100
Mining and Logging	1,200	1,300	1,500	1,800	1,800	1,900
Manufacturing	3,500	3,700	3,500	3,400	3,300	3,400
Trade, Transportation &Utilities	5,300	5,500	5,600	5,700	5,700	5,900
Wholesale Trade	900	900	1,000	1,000	900	1,000
Information	400	400	400	300	300	300
Financial Activities	800	800	800	800	700	700
Professional & Business Services	2,800	2,500	2,200	2,300	2,300	2,300
Educational & Health Services	7,600	7,600	7,700	7,800	8,300	8,700
Leisure & Hospitality	2,900	3,000	3,100	3,300	3,400	3,500
Other Services	900	1,000	1,000	1,000	900	900
Government	9,700	9,800	9,200	10,400	10,700	11,000
Total	50,113	50,314	49,315	51,916	52,317	53,718

(1) Employment is reported by place of work; it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not add to totals due to rounding.
Source: California Employment Development Department.

The following table summarizes civilian labor force, employment, and unemployment in the County from 2008 to January 2019. The unemployment rate in the County in January 2019 was 8.6%. In contrast, the average unemployment rate in California in January 2019 was 4.8%. The higher rate in the County reflects the effect of agricultural employment and the seasonal pattern of crop harvesting and food processing.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
County of Madera
Annual Averages, 2008-2019

Year	Civilian Labor Force	Employed Labor Force[1]	Unemployed Labor Force[2]	Unemployment Rate[3]
2008	65,100	58,900	6,200	9.5%
2009	66,500	57,600	8,900	13.4%
2010	61,500	51,300	10,200	16.6%
2011	61,900	51,900	10,600	16.2%
2012	62,700	53,600	9,100	14.5%
2013	62,700	54,800	7,800	12.5%
2014	63,200	56,200	7,000	11.0%
2015	60,000	54,200	6,400	10.5%
2016	61,000	55,300	5,700	9.3%
2017	61,500	56,500	4,900	8.1%
2018	61,500	57,200	4,300	7.0%
2019[4]	63,600	58,100	5,500	8.6%

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
(4) Preliminary as of January, 2019.
Source: California Employment Development Department.

Major Employers

Major employers in the County, listed without regard to the number of employees, are as follows:

MAJOR EMPLOYERS
County of Madera

Employer Name	Location	Industry
Ardagh Group	Madera	Glass Containers (mfrs)
BAC	Madera	Assembly & Fabricating Service (mfrs)
Baltimore Aircoil Co	Madera	Refrigerating Equip Supls & Parts-Mfrs
Brake Parts Inc	Chowchilla	Brakes-Manufacturers
Central AG Labor Svc	Madera	Labor Contractors
Certain Teed Corp	Chowchilla	Building Materials-Manufacturers
Cherokee Freight Lines	Madera	Trucking-Motor Freight
Chukchansi Gold Resrt & Casino	Coarsegold	Resorts
Country Villa Healthcare Ctr	Madera	Senior Citizens Service
Georgia-Pacific Corp	Madera	Sawmills (mfrs)
Home Depot	Madera	Home Centers
Lamanuzzi & Pantaleo Cold Stge	Madera	Fruits & Vegetables-Harvesting
Lion Brothers Farm-Newstone	Madera	Farming Service
Madera City Hall	Madera	Government Offices-City/Village & Twp
Madera Community Hospital	Madera	Hospitals
Madera High School	Madera	Schools
Madera Packing Shed	Madera	Sheds-Tool & Utility
Madera South Highschool	Madera	School Districts
Mission Bell Winery	Madera	Wineries (mfrs)
San Joaquin Wine Co	Madera	Wineries (mfrs)
Sierra Tel	Oakhurst	Telephone Companies
Span Construction Inc	Madera	Contractors-Equip/Supls-Dlrs/Svc (whls)
Valley Children's Hospital	Madera	Hospitals
Valley State Prison For Women	Chowchilla	Government Offices-State
Walmart	Madera	Department Stores

(1) Most recent data available.
Source: California Economic Development Department, as extracted from America’s Labor Market Information System Employer Database, 2019 2nd Edition.

Income

Total personal income in the County increased by 34.6% between 2008 and 2017, representing an average annual growth rate of 3.46%. Per capita personal income in the County grew by 30.8% during this time, representing an average annual compound growth of 3.08%.

The following tables summarize personal income for the County and per capita personal income for the County, the State and the United States of America for 2008 to 2017.

PERSONAL INCOME
2008-2017
(in thousands)

Year	Madera County	Annual Percent Change
2008	$3,983,184	1.78%
2009	3,863,788	(3.09)
2010	4,294,627	10.03
2011	4,550,509	5.62
2012	4,806,494	5.33
2013	5,021,922	4.29
2014	5,495,393	8.62
2015	5,601,678	1.90
2016	5,752,450	2.62
2017[1]	6,087,194	5.50

[1] Most recent data available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PER CAPITA PERSONAL INCOME
2008-2017

Year	Madera County	California	United States
2008	$26,848	$43,895	$40,904
2009	25,891	42,050	39,284
2010	28,434	43,609	40,545
2011	29,962	46,145	42,727
2012	31,642	48,751	44,582
2013	33,078	49,173	44,826
2014	35,661	52,237	47,025
2015	36,275	55,679	48,940
2016	37,121	57,497	49,831
2017[1]	38,799	59,796	51,640

[1] Most recent data available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Retail Sales

Taxable sales in the City and the County are shown below. Between 2012 and 2016, taxable sales increased by 15.2% in the City and by 13.7% in the County. The largest taxable sales sectors in the County are service stations, other retail stores, and auto dealers and auto supplies.

TAXABLE SALES, 2012-2016
City of Madera
(dollars in thousands)

Year	Number of Outlets (July 1)	Total Taxable Sales
2012	1,104	$566,396
2013	1,022	615,166
2014	1,044	652,105
2015	1,206	649,825
2016[1]	1,263	652,692

(1) Most recent data available.
Source: California Board of Equalization.

TAXABLE SALES, 2012-2016
County of Madera
(in thousands)

	2012	2013	2014	2015	2016[1]
Apparel Stores	$ 21,923	$ 30,790	$ 32,042	$ 34,967	$ 38,025
General Merchandise	[2]	71,791	73,489	78,292	82,232
Food Stores	96,519	94,789	98,531	96,585	99,946
Eating & Drinking Places	145,741	104,887	114,046	119,233	130,303
Home Furnishings & Appliances	18,801	21,940	22,881	22,258	26,956
Building Material & Farm Implements	97,700	113,584	118,003	125,192	129,625
Auto Dealers and Auto Supplies	142,790	160,142	174,172	191,636	209,026
Service Stations	282,845	267,442	269,477	228,932	212,431
Other Retail Stores	145,751	89,945	90,385	100,766	105,308
Total Retail Stores	$ 905,678	$ 955,309	$ 993,025	$ 997,861	$1,033,854
All Other Outlets	$ 450,059	$ 484,898	$ 507,188	$ 523,019	$ 507,671
Total All Outlets	$1,355,737	$1,440,207	$1,500,213	$1,520,880	$1,541,525

(1) Most recent data available.
(2) For 2010-2012, "General Merchandise" sales are included in "Other Retail Group."
Source: California Board of Equalization.

Building Permits and Valuations

The number and valuation of building permits issued with the City and the County between 2013 and 2017 are shown below.

BUILDING PERMITS AND VALUATIONS
City of Madera
2013 to 2017

	2013	2014	2015	2016	2017[1]
Valuation:					
Residential	$17,243,669	$19,640,123	$20,025,858	$27,956,306	$26,269,870
Non-residential	12,955,598	11,677.404	6,873,764	8,219,786	4,452,882
Total	$30,199,267	$19,651,800	$26,899,622	$36,176,092	$30,722,752
Residential Units					
Single family	140	158	145	190	117
Multiple family	-	-	-	-	-
Total	140	158	145	190	117

(1) Most recent data available.
Source: California Homebuilding Foundation.

BUILDING PERMITS AND VALUATIONS
County of Madera
2013 to 2017

	2013	2014	2015	2016	2017[1]
Valuation:					
Residential	$35,364,860	$37,505,510	$ 42,130,034	$56,759,760	$112,414,179
Non-residential	24,335,334	33,880,438	64,151,419	32,091,363	42,925,446
Total	$59,700,194	$71,385,948	$106,281,453	$88,851,123	$155,339,625
Residential Units					
Single family	210	210	203	304	410
Multiple family	4	4	-	-	-
Total	214	214	203	304	410

(1) Most recent data available.
Source: California Homebuilding Foundation.

Transportation

Madera County is located in California's San Joaquin Valley. The County is served by State Highway 99, one of the State's major north-south transportation routes. State Highways 152, 145, and 41 provide convenient access to U.S. Interstate 5, located 53 miles west of the City via State Route 152.

Rail services are provided by Burlington Northern – Santa Fe Railroad and the Union Pacific Railroad.

Scheduled air service to destinations in major cities in western states and in Mexico is available at the Fresno Yosemite International Airport located within 30 minutes of the City. General aviation facilities are located at the Madera Airport and the Chowchilla Airport.

APPENDIX F

COUNTY OF MADERA
OFFICE OF THE TREASURER TAX-COLLECTOR
STATEMENT OF INVESTMENT POLICY

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INVESTMENT POLICY

of the Commingled Investment Pool for the Year 2019

Valid 1/1/2019 to 12/31/2019

Tracy Kennedy
Treasurer-Tax Collector
County of Madera
200 W. 4th Street, 2nd Floor
Madera, CA 93637
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POLICY STATEMENT

The Treasurer/Tax Collector is responsible for investing the surplus funds in the County Treasury in accordance with the California Government Code, Sections 53601 et. seq. and the Prudent Investor Standard. The surplus funds will be invested in such a manner following the fundamental principles of safety, liquidity and yield – in that order.

1. SAFETY/LEGALITY

Investments should be made in instruments of high quality to avoid credit risk and/or loss of principal. Investments susceptible to wide price fluctuations due to market volatility should be avoided. Investments shall only be made in instruments legally permissible by the California Government Code, as hereafter amended for Madera County's needs.

2. LIQUIDITY

Investments should be made in instruments maturing in such a manner to meet daily demands upon the Treasury. A certain degree of highly liquid instruments should be maintained at all times to accommodate unforeseen withdrawals or respond to opportunities for transactions arising from changing market conditions.

3. YIELD

Because the County Treasurer is responsible for receiving and safekeeping ALL monies belonging to the county and all other monies directed by law to be paid into the treasury, investments are made for cash flow purposes first and yield is secondary. Operating within such parameters of safety and liquidity, the most favorable yield would then be considered.

4. TREASURY OVERSIGHT COMMITTEE

The County Treasurer shall consult with and nominate to the Board of Supervisors certain potential committee members. The number of members on the committee shall be determined mutually by the Board and the County Treasurer; therefore the Madera County Board of Supervisors designated the Auditor-Controller, the County Office of Education and the County Treasurer on May 6, 1997 and increased the membership to nine members on January 14, 2014. On May 5, 2015, through Resolution 2015-063, the Board of Supervisors decreased the membership from nine (9) to seven (7) representatives. On September 5, 2017, through Resolution 2017-116, the Board of Supervisors decreased the membership, again, from seven (7) to five (5) representatives from the following entities or areas, who shall be recommended to the Board of Supervisors by the County Treasurer:

a. The County Treasurer
b. The County Auditor-Controller
c. The County Superintendent of Schools or his or her designee

d. 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.
e. One (1) member of the public, who has expertise in, or an academic background in, public finance.

5. AUDITING

Investment confirmations are received by an employee other than the individual performing the investment duties. The confirmations will be compared with information already recorded for that transaction. Any discrepancy will be reported to the County Treasurer for correction.

Quarterly, the County Auditor performs a cash count of the County Treasury. Outside auditors annually audit the County, including the office of the County Treasurer based on a set of agreed upon procedures. Annually, the county treasury oversight committee, consistent with Government Code § 27134, "shall cause an annual audit to be conducted to determine compliance with this article and the investment policy". Pursuant to Government Code § 27135, the costs of the audit to determine compliance may be included with those costs enumerated under Section 27013 of the Government Code.

6. REPORTING

The County Treasurer shall provide monthly, but not less than quarterly, a report of investments to all participating agencies not later than 30 days following the end of each quarter, to the Treasury Oversight Committee, the County Board of Supervisors, and County Superintendent of Schools, Madera Unified School District, and Special Districts. The monthly report will include a list of holdings as of the last day of the month and note:

1. the type of investment
2. the institution
3. date of maturity
4. par amount
5. book value
6. end of month market value and source of value
7. a statement of compliance or an explanation of any variance, and
1. a statement of the ability to meet the pools expenditure requirement for the next six months or an explanation of why the expenditure requirement cannot be met

The County Treasurer shall annually prepare an investment policy that will be reviewed and monitored by the legislative body of the local agency and the treasury oversight committee (Gov Code § 27133).

7. SECURITY DEALERS & BROKERS

The County Treasurer shall determine which financial institutions are authorized to provide investment services to the County for the investment of County funds.

The Treasurer may trade or place securities with Broker/Dealers or Broker/Dealer firms who meet the following criteria:

A. A Primary government dealer as designated by the Federal Reserve Bank of New York;
B. The Federal Reserve Bank;
C. A Nationally or state-chartered bank;
D. Banks identified as one of the top 100 banks in the world, or
    1. Banks, brokers or dealers whose transactions are guaranteed by one of the top 100 banks in the world, or
    2. Banks, brokers or dealers whose parent company is one of the top 100 banks in the world.
E. Individual Broker/Dealer or Broker/Dealer firms provided they are:
    1. Registered and in good standing with the National Association of Securities Dealers (NASD);
    2. Licensed to conduct business in the State of California;
    3. Have net capital in excess of $10 million with liquidity lines of $50 million or more; and
    4. Have primary account representatives with five or more years experience in Madera County Pool Investment transactions.

Selection of financial institutions and broker/dealers authorized to engage in transactions with the County shall be accomplished at the sole discretion of the County Treasurer.

All potential broker/dealers will fill out a County questionnaire about their experience and capital of their respective companies. These questionnaires will be kept on file in the County Treasurer's office.

Broker/dealers or securities firms that make a political contribution to the County Treasurer exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board within four years following January 1, 1996, may not be selected to do business.

8. POOL PARTICIPANTS-INVOLUNTARY

Many of the funds on deposit in the County Treasury are funds under the control of the Board of Supervisors, such as those relating to the general ledger and other trust funds. State law requires school districts to deposit their funds in the county treasury unless the school board declares funds to be excess funds, in which case funds can be invested outside the county treasury. As such, the school districts are considered a mandatory depositor. Special districts and cemetery districts are also required to deposit their funds in the county treasury.

9. POOL PARTICIPANTS-VOLUNTARY

A voluntary participant is any local agency who has applied for and been granted participation in the county investment pool. The local agency's treasurer or other official responsible for their funds has determined that they have excess funds which are not required for immediate use. Once the excess funds are identified, the local agency's legislative or governing body must adopt a resolution that authorizes the investment of the funds pursuant to Section 53684, and with the consent of the County Treasurer, deposit the excess funds in the county treasury for the purpose of investment by the County Treasurer pursuant to Section 53601 or 53635. The resolution shall specify that the local agency acknowledges and is willing to be bound by the withdrawal provisions of Section 27136, and that administrative charges will be deducted by the Treasurer as permitted by Sections 53684(b) and 27013. The Treasurer shall approve or disapprove such agency's request in writing. At this time there are NO Voluntary Depositors in the County Treasury Pool.

10. WITHDRAWAL OF FUNDS FROM COUNTY POOL

Pursuant to Government Code Section 27136 any entity wishing to withdraw funds from the county treasury pool for the purpose of investing or depositing those funds outside the county treasury pool, shall first submit the request for withdrawal to the county treasurer before withdrawing funds from the pool. For any withdrawal over $2 million, it will be necessary to have 2 days notice in writing and withdrawals over $5 million will require a one week notice in writing.

11. DELEGATION OF INVESTMENT AUTHORITY

Effective January 1, 1997, Government Code § 27000.1 required the Board of Supervisors to delegate authority to invest or reinvest County funds and funds of other depositors by ordinance. Madera County Ordinance 216B established its delegation of investment authority to the County Treasurer.

Government Code § 53607 limits such authority to a one-year period. The County Treasurer then assumes full responsibility for those investment transactions until the delegation of authority is revoked or expires. Under current legislation, a renewal of such authority to invest is hereinafter achieved through an annual Board Resolution with an effective period between July 1st and June 30th of the following year.

12. AUTHORIZED INVESTMENTS AND LIMITS

The County may invest surplus funds from among the following authorized investments and within limits as specified. The percent of limitation for a particular category of investment shall only apply at the date of purchase. Additionally, a percent change that results from an increase or decrease of values or assets shall not constitute a limitation violation. Some instruments have no limit and no limit is specified, however the Rule of Prudence should apply.

A. **Bonds** issued by the local agency, including bonds payable solely out of the revenue from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.

B. **United States Treasury Bills**, Notes, Bonds, and Certificates of Indebtedness, and those for which the full faith and credit of the United States is pledged for the payment of principal and interest. There is no percentage limit on the total dollar amount that may be invested in these issues.

C. **Registered state warrants** or treasury notes or bonds of this state, 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 up to 1 million dollars.

D. **Bonds, notes, warrants**, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

E. **Obligations** issued by Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Although there is no percentage limit on the total dollar amount that may be invested in these issues, the Rule of Prudence should apply for a single agency name.

   1. **Structured rate securities**: Generally investments in these types of securities are allowed as long as there is no risk of a zero coupon or loss of principal.

Specifically prohibited are inverse floaters, range notes or interest only strips derived from a pool of mortgages.

F. **Bills of Exchange** or Time Drafts drawn on and accepted by a commercial bank, otherwise known as Banker's Acceptances, both domestic and foreign, which are eligible for purchase by the Federal Reserve System. Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of the surplus funds in the County Treasury. However, no more than 30 percent of the Treasury's surplus funds may be invested in the banker's acceptances of any one commercial bank.

G. **Commercial Paper** The County may invest in commercial paper subject to the following concentration limits:

1. No more than 40 percent of the County's money may be invested in eligible commercial paper.
2. No more than 10 percent of the total assets of the investments held by the County may be invested in any one issuer's commercial paper, and
3. Eligible commercial paper shall have a maximum maturity of 270 days or less.

H. **Negotiable Certificates of Deposit** issued by a Federal or State Chartered bank or savings and loan association. Any investment in Negotiable Certificates of deposit may not exceed 30 percent of the County's surplus money, which may be invested. No more than 5 percent of the total portfolio shall be invested in any one name.

I. **Non-negotiable Time Certificates of Deposit** issued by a Federally or State Chartered bank or a savings and loan association. These require full collateralization with government securities (110%) or mortgages (150%) in accordance with Government Code Section 53651. The Treasurer will determine eligibility of banks and savings and loans through the Findley report, which rates California Financial Institutions and ratings of the major rating agencies, Moody's, Standard & Poor's and Fitch.

Investments with qualified institutions shall be equally distributed providing yields on investments are comparable. Investments with any one type of institution shall not exceed 50 percent of the portfolio and investments with any one institution shall not exceed 15 percent of the portfolio.

Investments shall be placed only with institutions with established stability and performance. All factors being equal, preference shall be given to institutions within Madera County.

J. **Investments in Repurchase Agreements** shall be restricted to Federally or Stat Chartered banks or primary security dealers with whom the Treasurer has entered into a Master Repurchase Agreement. A Repurchase Agreement is a purchase of securities by the County pursuant to an agreement by which the

Bank/Dealer agrees to repurchase the securities on a specified date. Securities purchased through Repurchase Agreements from the Bank/Dealer are United States Treasury Bills, Notes or Certificates of Indebtedness, or instruments of or issued by a federal agency of the United States as authorized by section 12.B above, or money market instruments.

Investments in Reverse Repurchase Agreements or securities lending agreements are authorized so long as the proceeds are invested solely to supplement the income normally received from the securities. A Reverse Repurchase Agreement is a sale of securities by the County pursuant to an agreement by which the county will repurchase such securities on or before a specified date and for a specified amount.

1. Reverse Repurchase Agreements is limited to 20% of the portfolio and only for specified purposes.

K. **Medium Term Corporate Notes (MTN)** of a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Securities eligible for Investment shall be rated in a rating category of "A" or its equivalent, or better, by a nationally recognized rating agency.

Purchase of MTN may not exceed 30 percent of the surplus funds in the County Treasury.

L. **Shares of Mutual Funds** issued by diversified management companies, as defined in Section 23701 of the Revenue and Taxation Code, investing only in the securities and obligations as authorized by Government Code Section 53635. To be eligible for investment, these companies shall either: (1) attain the highest ranking or the higher letter and numerical rating provided by not less than two of the three largest nationally recognized rating services; or 2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience investing in the securities and obligations as authorized and with assets under management in excess of five hundred million dollars ($500,000,000.00). The purchase price of shares of mutual funds shall not include any commission that these companies may charge and shall not exceed 15 percent of the surplus funds in the County Treasury.

M. **Investments of funds in the Local Agency Investment Fund (LAIF- State of California)** created by law, which the State Treasurer invests through the Pooled Money Investment Account. Money invested in LAIF is available 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 guidelines of this policy pertaining to yield. Investment of funds in the LAIF is limited to the maximum amount set by the California State Treasurer.

N. **Shares of Beneficial Interest** issued by joint powers authority (JPA) organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (n), of section 53601 inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority shall have retained an investment adviser that meets all of the following criteria:

1. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
2. Has not less than five years experience investing in the securities and obligations as authorized, and
3. Have assets under management in excess of five hundred million dollars ($500,000,000.00).

O. **Supranationals** United States dollars denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rated category “AA” or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this section.

P. **Certificate of Deposit Account Registry Service (CDARS)** Deposits placed through CDARS are distributed into individual Certificates of Deposit (CD) of less than $250,000 each that are fully FDIC insured, and placed through a network participating bank that uses the CD Account Registry Service, a private entity that assists in the placement of the individual CDs.

13. CONFIRMATION

All confirmations should be reviewed for conformity with the original transaction by an individual who did not originate the transaction.

14. APPROVAL OF DEPOSITS

All financial institutions whether investment banks and dealers or commercial banks or savings and loans must be approved by the County Treasurer before receiving county funds. All firms with whom the County does business should have a strong capital base and have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal agency before any investments or deposits are placed with such firms.

15. LOSSES

Generally, losses are acceptable on a sale before maturity and should be taken if reinvested proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the old investment.

15A. MAXIMUM RATE OF RETURN AND ALLOCATION OF LOSSES

The Pooled Investment Fund is designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investments, while important, is secondary to the safety and liquidity objectives.

The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities may be sold prior to maturity for the following reasons:

1. A declining credit security, to minimize loss of principal, and/or
2. A security swap, to improve the quality, yield, or target duration in the portfolio, and/or
3. The liquidity needs of the portfolio require that the security be sold.

If there is a realized loss of principal on a particular security, the loss will first be allocated against the interest earned on that security in the quarter in which the security is sold.

If the security's current interest is not sufficient to cover the loss, then the Auditor-Controller may allocate the loss against the total current and future portfolio interest earnings.

In the event of an imminent loss of principal for which the security's interest would not be sufficient to cover the loss, the Auditor-Controller may withhold from the total current and future portfolio interest earnings to reserve against a future maximum anticipated actual loss.

In the event that an estimated loss does not materialize, or is less than the set aside, the funds reserved from interest earnings to cover the estimated loss would be immediately released and apportioned on the following quarter to the interest earning funds in the pool.

16. SAFEKEEPING

Investment securities are to be held in customer-segregated safekeeping accounts (excluding Non-Negotiable Time Certificates of Deposit). The County's eligible investment securities are held with Wells Fargo Bank, N.A., effective May 1, 2012.

17. "WAIVER OF SECURITY" ON DEPOSITS

"Waiver of Security" on deposits covered by FDIC or FSLIC insurance shall be at the discretion of the Treasurer and will require the Treasurer's signature.

18. CREDIT FOR INTEREST RATES

California Government Code, Section 53684 (b) requires county treasurers to apportion quarterly to the local agencies or districts any interest earned from the investment of funds. Interest earned is in an amount proportionate to the average daily balance of the amounts the local agencies or districts deposit. The County Auditor-Controller shall conduct the apportionment process based on the net earnings of the Pool each quarter.

19. MAXIMUM DAYS TO MATURITY

Investment decisions are made with regard to safety, liquidity, cash flow needs and yield as a matter of policy. The Government Code allows maturities to 5 years. Over 5 years requires Board approval. Generally the maximum average time to maturity of County investments shall not exceed 2 years or 730 days. However, if extending maturities permit trading and portfolio advantages without significantly affecting cash flow needs, maturities may be extended past the prescribed limit.

20. PRUDENT INVESTOR STANDARD

The county treasurer is a trustee and therefore a fiduciary subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the county treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors. Within the limitations of this section and considering individual investments as part of an overall strategy, a trustee is authorized to acquire investments as authorized by law. Nothing in this chapter is intended to grant investment authority to any person or governing body except as provided in Sections 53601, 53607, and 53635.

20A. INDEMNIFICATIONS

The Treasurer and her staff, when acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes. Investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs. Investments will not be made for speculation but for investment considering safety of capital as well as probable income to be derived.

21. COSTS OF MANAGING TREASURY COMMINGLED POOL (Government Code § 27013)

Actual costs of investing, depositing, banking, auditing, reporting and managing treasury pool funds are deducted from the gross interest earned account, the balance is then apportioned to the accounts on an average daily balance method. Certain staff are dedicated solely to Treasury functions and appropriately charged to the maintenance of the funds. Banking fees are charged in arrears after the costs for the previous quarter are known. Special functions or services required or requested by a certain entity are paid by that entity.

For directed investments outside of the county co-mingled pool, the charge shall be $120 per investment.

22. CONFLICT OF INTEREST

No employee may directly or indirectly accept or solicit from any person, corporation or group having a business relationship with the County, any rebate or kickback. No employee of the Treasurer's office shall outside of working hours, engage in any profession, trade, business or occupation, which is incompatible or involves a conflict of interest with his/her duties as a County Officer or employee.

23. RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Members of the County Treasury Oversight Committee have limits on the receipt of honoraria, gift or gratuity from any advisor, broker, dealer, banker, or other person with whom the county treasury conducts business. These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the Fair Political Practices Commission. (Government Code §27133 (d))

Date 11/28/2018

Tracy Kennedy

Tracy Kennedy
Treasurer - Tax Collector
County of Madera

Allowable Investments Permitted by California Government Code

	INSTRUMENT	OVERNIGHT	180 DAYS	270 DAYS	1 YEAR	5 YEARS	BEYOND 5 YEARS
Conventional Fixed-Income	U.S. TREASURIES	PERMITTED					BOARD APPROVAL REQUIRED
	FEDERAL AGENCIES	PERMITTED					BOARD APPROVAL REQUIRED
	MUNICIPAL SECURITIES	PERMITTED					BOARD APPROVAL REQUIRED
	NEGOTIABLE CERTIFICATES OF DEPOSIT	PERMITTED					BOARD APPROVAL REQUIRED
	COMMERCIAL PAPER	PERMITTED			PROHIBITED		
	BANKERS' ACCEPTANCES	PERMITTED		PROHIBITED			
	MEDIUM-TERM CORPORATE BONDS ("A" OR BETTER)	PERMITTED					PROHIBITED
	ASSET-BACKED SECURITIES (ABS)	PERMITTED					PROHIBITED
	REPURCHASE AGREEMENTS	PERMITTED				PROHIBITED	
	MONEY MARKET FUNDS	PERMITTED	PROHIBITED				
	LOCAL GOVERNMENT INVESTMENT POOLS	PERMITTED	PROHIBITED				
	FOREIGN SOVEREIGN/SUPRANATIONALS	PERMITTED					PROHIBITED
Broader Fixed -Income	COMMERCIAL MBS	PROHIBITED					
	HIGH-YIELD	PROHIBITED					
	PRIVATE PLACEMENTS	PROHIBITED					
	CONVERTIBLES	PROHIBITED					
	NON-U.S. DOLLAR INVESTMENT GRADE	PROHIBITED					
	EMERGING MARKETS DEBT	PROHIBITED					
Equities	DOMESTIC SMALL/MID CAP	PROHIBITED					
	DOMESTIC LARGE CAP	PROHIBITED					
	DOMESTIC VALUE/GROWTH	PROHIBITED					
	INTERNATIONAL SMALL/MID CAP	PROHIBITED					
	INTERNATIONAL LARGE CAP	PROHIBITED					
	EMERGING MARKETS	PROHIBITED					
Alternatives	COMMODITIES	PROHIBITED					
	REAL ESTATE	PROHIBITED					
	HEDGE FUNDS	PROHIBITED					
	PRIVATE EQUITY	PROHIBITED					
	VENTURE CAPITAL	PROHIBITED					
	TANGIBLE ASSETS	PROHIBITED					