NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Moody's: "Aaa"
S&P: "AAA"
(See "MISCELLANEOUS – Ratings.")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

$30,000,000
PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
GENERAL OBLIGATION BONDS
(ELECTION OF 2018), SERIES 2019

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

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page shall have the meanings given such terms herein.

The Palo Alto Unified School District (the "**District**") General Obligation Bonds (Election of 2018), Series 2019 (the "**Bonds**") were authorized by the registered voters of the District at an election held on November 6, 2018 at which the requisite 55% or more of the persons voting on the bond measure ("**Measure Z**") voted to authorize the issuance and sale of $460,000,000 principal amount of general obligation bonds of the District (the "**2018 Election**"). The Bonds are the first issuance of general obligation bonds of the District authorized at the 2018 Election. The Bonds are being issued by the District to (i) finance specific construction and modernization projects approved by the voters of the District, and (ii) pay costs of issuance of the Bonds. The Board of Supervisors of the County of Santa Clara (the "**County**") is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

The Bonds will be issued as current interest bonds. Principal of the Bonds is payable on August 1 of each year shown on the Maturity Schedule on the inside cover. Interest on the Bonds is payable on February 1, 2020, and thereafter on each February 1 and August 1 to maturity or redemption prior thereto. Payments of principal of and interest on the Bonds will be made by the Paying Agent, initially U.S. Bank National Association, to The Depository Trust Company, New York, New York ("**DTC**"), for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Payment of Principal and Interest."

The Bonds will be issued in book-entry form only, and initially will be issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interests in the Bonds. See "THE BONDS – Form and Registration."

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

The Bonds were sold by competitive sale pursuant to the terms of an Official Notice of Sale, dated July 1, 2019, and awarded to Fidelity Capital Markets on July 10, 2019. See "MISCELLANEOUS – Sale of the Bonds."

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to approval of their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York, on or about July 25, 2019.

This Official Statement is dated July 10, 2019.

$30,000,000
PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
GENERAL OBLIGATION BONDS
(ELECTION OF 2018), SERIES 2019

MATURITY SCHEDULE

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP† Number (697379)
2020	$ 9,400,000	6.000%	0.930%	WZ4
2021	10,000,000	6.000	0.940	XA8
2031	850,000	2.000	2.100	XB6
2032	950,000	2.125	2.250	XC4
2033	1,000,000	2.250	2.380	XD2
2034	1,050,000	2.375	2.500	XE0
2035	1,150,000	3.000	2.500[C]	XF7
2036	1,250,000	3.000	2.570[C]	XG5
2037	1,350,000	3.000	2.630[C]	XH3
2038	1,450,000	3.000	2.700[C]	XJ9
2039	1,550,000	3.000	2.750[C]	XK6

* Yields certified by the Underwriter. The District takes no responsibility for the accuracy thereof.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the County, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.
[C] Yield to the par call date of August 1, 2027.

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption under Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District 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 such statements are based occur.

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

PALO ALTO UNIFIED SCHOOL DISTRICT

Board of Education

Jennifer DiBrienza
President

Todd Collins
Vice President

Melissa Baten Caswell
Member

Ken Dauber
Member

Shounak Dharap
Member

Administration

Dr. Don Austin
Superintendent

Dr. James Novak*
Chief Business Official

Robert Golton
Bond Program Manager

COUNTY OF SANTA CLARA, CALIFORNIA

Board of Supervisors

Mike Wasserman
District 1

Cindy Chavez
District 2

Dave Cortese
District 3

Susan Ellenburg
District 4

Joe Simitian
District 5

County Administration

Emily Harrison
Director of Finance

Paul McDonough
Debt Management Officer

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Municipal Advisor

PFM Financial Advisors LLC
San Francisco, California

Paying Agent

U.S. Bank National Association
San Francisco, California

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* Dr. James Novak retired on June 30, 2019. Carolyn Chow is expected to assume the role of Chief Business Official on August 1, 2019.

TABLE OF CONTENTS

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$30,000,000
PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
GENERAL OBLIGATION BONDS
(ELECTION OF 2018), SERIES 2019

INTRODUCTION

General

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of the Palo Alto Unified School District General Obligation Bonds (Election of 2018), Series 2019 (the "**Bonds**"), as described more fully herein. The information contained herein is necessarily of a summary nature.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the Palo Alto Unified School District (the "**District**"), the District has no obligation to update the information in this Official Statement. See "OTHER LEGAL MATTERS – Continuing Disclosure."

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 Underwriter or the owners of any of the Bonds.

Copies of the legal documents referred to herein providing for the issuance of the Bonds and further information regarding the Bonds may be requested from the District. See "MISCELLANEOUS – Additional Information."

The District

The District was established in 1893 and is located approximately 35 miles south of San Francisco in the County of Santa Clara (the "**County**"), the heart of California's Silicon Valley. The District provides educational services to the City of Palo Alto, the Stanford University campus, and portions of the towns of Los Altos Hills and Portola Valley. The District encompasses an area of approximately 45 square miles. The City of Palo Alto had a population of approximately 66,649 as of June 30, 2018.

The District currently operates twelve elementary schools (grades K-5), three middle schools (grades 6-8), two high schools (grades 9-12), an adult education program, a "Young Fives" program (a program for young kindergarten aged children and their parents) and two children's centers. The Average Daily Attendance ("**A.D.A.**") in fiscal year 2018-19 is estimated at 11,557 students and is projected to be approximately 11,146 students in fiscal year 2019-20. As of June 18, 2019, the District employed approximately 1,507.8 full time equivalent (FTE) employees, including 816.7 FTE certificated (credentialed teaching) staff, 562.4 FTE classified (non-teaching) staff, and 128.7 management, supervisor and confidential FTE personnel. The District has projected general fund expenditures of approximately $255.3 million for fiscal year 2019-20. Total assessed valuation of taxable property in the District in fiscal year 2018-19 is approximately $40.3 billion. The District operates under the jurisdiction of the Santa Clara County Superintendent of Schools.

The District is governed by a five-member board of education (the "**Board of Education**"), with two non-voting student members. The voting members are each elected to a four-year term, and elections are held every two years. The management and policies of the District are administered by the Superintendent, who is appointed by the Board of Education and responsible for day-to-day District operations as well as the supervision of the District's other key personnel.

Dr. Don Austin joined the District as Superintendent in July 2018. Prior to joining the District, Dr. Austin served as Superintendent for Palos Verdes Peninsula Unified School District, Assistant Superintendent, Educational

Services for Huntington Beach Union High School District, and Principal for Laguna Beach High School and La Sierra High School. Dr. Austin has a Bachelor's degree from Baker University and a Doctorate degree in Educational Leadership from Azusa Pacific University.

Dr. James Novak joined the District as the Chief Business Official in September 2018 and retired on June 30, 2019. Prior to serving the District, he served as Assistant Superintendent, Business Services at Desert Sands Unified School District, and as Chief Business Officer or Assistant Superintendent for Long Beach Unified School District, Palm Springs Unified School District and South San Francisco Unified School District. He has a Doctorate degree in Education with a specialization in Educational Administration and Leadership from Walden University, a Master's degree in General Education Administration from Central Michigan University and a Bachelor's degree from Wayne State University.

Carolyn Chow is expected to assume the role of Chief Business Official on August 1, 2019. She currently serves as the Chief Business Official for San Mateo-Foster City School District. Prior to that, Ms. Chow served as Chief Business Officer for Las Lomitas Elementary School District. She has a Bachelor's degree from California Polytechnic State University, San Luis Obispo and has earned the CBO Certification from the California Association of School Business Officials.

Dr. Robert Golton has managed the District's bond program since 2008. He previously served the District since 1997 holding titles such as Assistant Superintendent, Chief Business Official, Deputy Superintendent, and Interim Superintendent. He has also been Chief Business Official in four other school districts. He has 50 years of experience in education. He has a Ph.D. from the University of California, Berkeley and a Master of Business Administration from San Francisco State University.

The District is a "community funded district," which means that it receives a minimal amount of financial support from the State. For additional information about the District's operations and finances, see APPENDIX A – "DISTRICT FINANCIAL AND OPERATING INFORMATION."

THE BONDS

Authority for Issuance

The Bonds are being issued by the District pursuant to the Constitution and laws of the State of California (the "**State**"), including Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the State Government Code, and other applicable provisions of law, including applicable provisions of the State Education Code, a paying agent agreement (the "**Paying Agent Agreement**") by and between the District and U.S. Bank National Association, as paying agent (the "**Paying Agent**"), and a resolution adopted by the Board of Education on June 11, 2019 (the "**District Resolution**").

Purpose

The District received authorization to issue the bonds at an election held on November 6, 2018, by more than 55% of the votes cast by eligible voters within the District. The voter-approved measure, known locally as "Measure Z" authorized the District to issue bonds in an aggregate principal amount not to exceed $460,000,000 to finance specific construction and modernization projects approved by the voters, summarized as follows: to provide safe/modern schools; upgrade aging classrooms, libraries, science labs, school facilities; improve accessibility for students with disabilities; enhance student safety/security by upgrading seismic safety, fire alarms, door locks, emergency communication; and provide classrooms/labs supporting science, technology, engineering, and arts programs.

The Bonds are the first series of the authorized bonds to be issued. For a discussion of all outstanding bonds of the District, see APPENDIX A – "DISTRICT FINANCIAL AND OPERATING INFORMATION – DISTRICT FINANCIAL MATTERS – District Debt Structure."

Form and Registration

The Bonds will be issued in fully registered book-entry form only, as current interest bonds without coupons, in denominations of $5,000 principal amount each or any integral multiple thereof. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"), New York, New York. DTC will act as securities depository for the Bonds. Registered ownership of the Bonds may not be transferred except as described in APPENDIX F. Purchases of Bonds under the DTC system must be made by or through a DTC participant, and ownership interests in Bonds or any transfer thereof will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Bonds, beneficial owners will not receive physical certificates representing their ownership interests. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

The Bonds will be dated the date of their delivery, and bear interest at the rates set forth on the inside cover page hereof, payable by check on February 1 and August 1 of each year, commencing on February 1, 2020 (each, an "**Interest Payment Date**"), until payment of the principal amount thereof, computed using a year of 360 days consisting of twelve 30-day months. Each Bond authenticated and registered on any date prior to the close of business on January 15, 2020 will bear interest from the date of their delivery. Each Bond authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (each, a "**Record Date**") and the close of business on that Interest Payment Date will bear interest from such Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payment of interest on any Bond on each Interest Payment Date (or on the following business day, if the Interest Payment Date does not fall on a business day) will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof (the "**Owner**") as of the preceding Record Date, such interest to be paid by check mailed to such Owner at such Owner's address as it appears on such registration books or at such other address as the Owner may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner of an aggregate principal amount of $1,000,000 or more of Bonds may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the applicable Record Date.

Principal will be payable on August 1 of each year, commencing August 1, 2020, upon surrender of Bonds at such office of the paying agent, initially U.S. Bank National Association (the "**Paying Agent**") as the Paying Agent shall designate. Interest, principal and premium, if any, on the Bonds will be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the District (the "**Interest and Sinking Fund**") within the County treasury, consisting of *ad valorem* property taxes collected and held by the director of finance of the County (the "**Director of Finance**"), together with any net premium and accrued interest received upon issuance of the Bonds.

So long as all outstanding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal of, premium, if any, and interest on the Bonds and all notices with respect to such Bonds will be made and given, respectively, to such securities depository or its nominee and not to beneficial owners. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2021 are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on or after August 1, 2031, are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2027, and on any date thereafter, at a redemption price of 100% of the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

Selection of Bonds for Redemption*.* If less than all of the Bonds of a series are called for redemption, such Bonds will be redeemed in inverse order of maturities or as otherwise directed by the District. If less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity to be redeemed will be determined by lot. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of denominations of $5,000 principal amount each, which may be separately redeemed.

Notice of Redemption*.* Notice of redemption of the Bonds will be mailed postage prepaid not less than 20 nor more than 45 days prior to the date fixed for redemption (i) by first class mail to the respective Owners of Bonds designated for redemption at the addresses appearing on the bond registration books of the Paying Agent, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption will contain all of the following information: (i) the date of such notice; (ii) the name of the affected Bonds and the date of issue of the Bonds; (iii) the date fixed for redemption; (iv) the redemption price; (v) the dates of maturity of the Bonds to be redeemed; (vi) if less than all of the then outstanding Bonds are to be redeemed, the distinctive serial numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the office of the Paying Agent designated by the Paying Agent for such purpose; (x) notice that further interest on such Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

The actual receipt by any Owner of any Bond of notice of such redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Conditional Notice*.* Any notice of optional redemption of the Bonds delivered in accordance herewith may be conditional, and if any condition stated in the notice of redemption will not have been satisfied on or prior to the redemption date, (i) said notice will be of no force and effect; (ii) the District will not be required to redeem such Bonds; (iii) the redemption will be cancelled; and (iv) the Paying Agent will within a reasonable time thereafter give notice to the persons and in the manner in which the conditional notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. The actual receipt by the Owner of any Bond of notice of such cancellation will not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice will not affect the validity of the cancellation.

Rescission of Notice of Redemption*.* The District may rescind any optional redemption and notice thereof for any reason on any date on or prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Effect of Notice of Redemption*.* When notice of redemption has been given substantially as described above, and when the amount necessary for the payment of the redemption price of the Bonds called for redemption is set aside for such purpose, the Bonds designated for redemption will become due and payable on the date fixed for redemption and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of Bonds so called for redemption after such date fixed for redemption will look for the payment of such Bonds and the redemption premium thereon, if any, only to moneys on deposit in the Interest and Sinking Fund of the District or the escrow fund established for such purpose. All Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

Defeasance of Bonds

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If at any time the District pays or causes to be paid or there is otherwise paid to the owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds when due, or as described above, or as otherwise provided by law, then such Owners will cease to be entitled to the obligation of the County to levy and collect taxes to pay the Bonds as described in the Paying Agent Agreement, and such obligation and all agreements and covenants of the District to such Owners under the Paying Agent Agreement and under the Bonds will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by such Bonds, but only out of moneys on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment, provided, that the unclaimed moneys provisions described in the Paying Agent Agreement will apply in all events.

Unclaimed Moneys

Any money held in any fund created pursuant to the Paying Agent Agreement, or held by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) will be transferred to the Interest and Sinking Fund for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Application and Investment of Bond Proceeds

The proceeds of sale of the Bonds, exclusive of any premium and accrued interest received, will be deposited in the County treasury to the credit of the building fund of the District (the "**Building Fund**"). Any premium and accrued interest will be deposited upon receipt in the Interest and Sinking Fund of the District within the County treasury.

All funds held by the Director of Finance with respect to the Bonds will be invested at the discretion of the Director of Finance pursuant to law and the investment policy of the County. See APPENDIX E – "SANTA CLARA COUNTY STATEMENT OF INVESTMENT POLICY AND QUARTERLY INVESTMENT REPORT." At the written direction of the District, all or any portion of the Building Fund of the District may also be invested on behalf of the District in the Local Agency Investment Fund in the treasury of the State. At the written direction of the District, and with the approval of the Director of Finance, all or any portion of the Building Fund may also be invested on behalf of the District in investment agreements which comply with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds.

Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on bonds of the District.

ESTIMATED SOURCES AND USES OF FUNDS

The net proceeds of the Bonds are expected to be applied as follows:

Sources of Funds	
Principal Amount of Bonds	$30,000,000.00
Net Original Issue Premium	1,610,363.00
Total Sources:	$31,610,363.00
Uses of Funds	
Deposit to Building Fund	$29,804,000.00
Deposit to Interest and Sinking Fund	1,485,424.25
Underwriter's Discount[(1)]	124,938.75
Costs of Issuance[(2)]	196,000.00
Total Uses:	$31,610,363.00

[(1)] Amounts are based on Underwriter representations of prices at which the Bonds were reoffered to the public. The sale of Bonds to the public at prices that differ from the represented original reoffering price will impact the actual Underwriter compensation on this transaction.

[(2)] Includes Municipal Advisor fees, Bond Counsel fees, Disclosure Counsel fees, rating agency fees, Paying Agent fees, printing fees, and other miscellaneous expenses. The District will pay all of the costs of issuance out of the proceeds of the Bonds.

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DEBT SERVICE SCHEDULES

Semi-Annual Debt Service of the Bonds

The scheduled semi-annual principal and interest payments on the Bonds, assuming no optional redemptions prior to maturity, are shown in the following table:

Period Ending	Principal	Interest	Semi-Annual Debt Service
February 1, 2020	-	$749,747.92	$ 749,747.92
August 1, 2020	$ 9,400,000	725,562.50	10,125,562.50
February 1, 2021	-	443,562.50	443,562.50
August 1, 2021	10,000,000	443,562.50	10,443,562.50
February 1, 2022	-	143,562.50	143,562.50
August 1, 2022	-	143,562.50	143,562.50
February 1, 2023	-	143,562.50	143,562.50
August 1, 2023	-	143,562.50	143,562.50
February 1, 2024	-	143,562.50	143,562.50
August 1, 2024	-	143,562.50	143,562.50
February 1, 2025	-	143,562.50	143,562.50
August 1, 2025	-	143,562.50	143,562.50
February 1, 2026	-	143,562.50	143,562.50
August 1, 2026	-	143,562.50	143,562.50
February 1, 2027	-	143,562.50	143,562.50
August 1, 2027	-	143,562.50	143,562.50
February 1, 2028	-	143,562.50	143,562.50
August 1, 2028	-	143,562.50	143,562.50
February 1, 2029	-	143,562.50	143,562.50
August 1, 2029	-	143,562.50	143,562.50
February 1, 2030	-	143,562.50	143,562.50
August 1, 2030	-	143,562.50	143,562.50
February 1, 2031	-	143,562.50	143,562.50
August 1, 2031	850,000	143,562.50	993,562.50
February 1, 2032	-	135,062.50	135,062.50
August 1, 2032	950,000	135,062.50	1,085,062.50
February 1, 2033	-	124,968.75	124,968.75
August 1, 2033	1,000,000	124,968.75	1,124,968.75
February 1, 2034	-	113,718.75	113,718.75
August 1, 2034	1,050,000	113,718.75	1,163,718.75
February 1, 2035	-	101,250.00	101,250.00
August 1, 2035	1,150,000	101,250.00	1,251,250.00
February 1, 2036	-	84,000.00	84,000.00
August 1, 2036	1,250,000	84,000.00	1,334,000.00
February 1, 2037	-	65,250.00	65,250.00
August 1, 2037	1,350,000	65,250.00	1,415,250.00
February 1, 2038	-	45,000.00	45,000.00
August 1, 2038	1,450,000	45,000.00	1,495,000.00
February 1, 2039	-	23,250.00	23,250.00
August 1, 2039	1,550,000	23,250.00	1,573,250.00
Total	$30,000,000	$6,618,685.42	$36,618,685.42

Combined Annual Debt Service

The District has previously issued and currently has outstanding its General Obligation Bonds (Election of 2008) Series 2008, Series 2010, Series 2013 Series 2014, Series 2016, and Series 2018 and its 2012 General Obligation Refunding Bonds. See APPENDIX A – "DISTRICT FINANCIAL AND OPERATING INFORMATION – DISTRICT FINANCIAL MATTERS – District Debt Structure." Prior to the issuance of the Bonds, the annual debt service obligations for all outstanding bonds of the District (without regard to redemption prior to maturity) will be as follows:

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
General Obligation Bonds – Aggregate Debt Service

Period Ending (August 1)	Election of 2008, Series 2008	Election of 2008, Series 2010[1]	2012 Refunding	Election of 2008, Series 2013	Election of 2008, Series 2014	Election of 2008, Series 2016	Election of 2008, Series 2018	The Bonds	Aggregate Total Debt Service
2019	$ 6,375,000	$1,418,755	$9,863,278	$ 3,483,886	$2,048,200	$1,588,625	$9,373,750	-	$34,151,494
2020	6,420,000	2,288,755	9,892,768	3,503,488	2,050,400	1,548,625	5,173,750	$ 10,875,310	41,753,096
2021	7,595,000	2,423,196	9,653,102	3,444,288	2,003,525	1,508,625	4,263,750	10,887,125	41,778,611
2022	17,130,000	2,641,865	1,019,990	1,364,288	300,125	468,625	1,088,750	287,125	24,300,768
2023	18,065,000	2,883,985	1,030,635	1,364,288	300,125	468,625	1,063,750	287,125	25,463,533
2024	18,335,000	3,756,852	1,028,910	1,364,288	300,125	468,625	1,038,750	287,125	26,579,675
2025	18,610,000	5,739,367	-	1,364,288	300,125	468,625	1,013,750	287,125	27,783,280
2026	18,890,000	6,578,267	-	1,364,288	300,125	468,625	998,750	287,125	28,887,180
2027	19,175,000	7,436,806	-	1,364,288	300,125	468,625	973,750	287,125	30,005,719
2028	20,500,000	-	-	2,764,288	1,575,125	468,625	953,750	287,125	26,548,913
2029	20,500,000	-	-	2,972,288	1,731,875	468,625	941,250	287,125	26,901,163
2030	21,500,000	-	-	3,022,788	1,777,775	2,968,625	928,750	287,125	30,485,063
2031	22,000,000	-	-	3,270,288	1,920,975	2,815,500	913,750	1,137,125	32,057,638
2032	23,000,000	-	-	3,458,788	1,998,475	2,561,500	898,750	1,220,125	33,137,638
2033	21,825,000	-	-	4,159,788	1,972,075	2,562,000	883,750	1,249,938	32,652,551
2034	-	-	-	9,760,013	-	4,944,500	1,368,750	1,277,438	17,350,701
2035	-	-	-	10,679,988	-	3,553,500	1,336,250	1,352,500	16,922,238
2036	-	-	-	11,260,800	-	-	1,303,750	1,418,000	13,982,550
2037	-	-	-	-	-	-	4,270,000	1,480,500	5,750,500
2038	-	-	-	-	-	-	4,135,000	1,540,000	1,540,000
2039	-	-	-	-	-	-	-	1,596,500	1,596,500
Total[2]	$259,920,000	$35,167,848	$32,488,683	$69,966,413	$18,879,175	$27,800,500	$42,922,500	$36,618,685	$523,763,804

(1) Does not include expected Qualified School Construction Bonds subsidy of $9,392,304.68 or account for sequestration.
(2) May not add due to rounding.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the County in the District's Interest and Sinking Fund, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the State Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. For a discussion of possible legal risks to the enforceability of the Bonds and the security pledged for their payment, see "OTHER LEGAL MATTERS – Possible Limitations on Remedies."

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts levy property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well.

Local property taxation is the responsibility of various County officers. For each school district located in the County, the County Assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the County Controller-Treasurer computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the County) to the County board of supervisors for approval. The County Tax Collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the County Tax Collector, as *ex officio* treasurer of each school district located in the County, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

The Finance Agency of the County, through its three departments (the Controller-Treasurer Department, the Department of Tax and Collections, and the Clerk-Recorder's Office), performs the functions of each of the County officers described in the preceding paragraph, and manages the County's financial systems and cash resources as well as the cash resources of school districts within the County. The Director of Finance of the County is head of the Finance Agency. The role of Assessor is an elected position in the County.

Assessed Valuation of Property Within the District

Taxable property located in the District has a 2018-19 assessed value of $40,332,524,320. All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "*−Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in the State, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Locally taxed property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The following table shows recent history of taxable property assessed valuation in the District.

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PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Assessed Valuations
Fiscal Years 2009-10 through 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2009-10	$22,506,406,384	$2,572,716	$1,680,777,737	$24,189,756,837	-
2010-11	23,002,094,306	2,572,716	1,514,397,857	24,519,064,879	1.36%
2011-12	23,350,187,100	2,572,716	1,550,594,949	24,903,354,765	1.57
2012-13	24,846,301,944	2,572,716	1,388,151,619	26,237,026,279	5.36
2013-14	26,677,328,006	2,572,716	1,499,187,999	28,179,088,721	7.40
2014-15	28,328,205,614	2,572,716	1,621,957,612	29,952,735,942	6.29
2015-16	31,401,209,669	2,572,716	1,803,635,385	33,207,417,770	10.87
2016-17	33,181,600,207	2,572,716	1,807,321,380	34,991,494,303	5.37
2017-18	35,779,281,620	2,572,716	1,916,634,978	37,698,489,314	7.74
2018-19	38,426,282,833	7,004,400	1,899,237,087	40,332,524,320	6.99

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by 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. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "−*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" and "– *Risk of Decline in Property Values; Earthquakes and Other Risks*" below.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "**Appeals Board**"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

Assembly Bill 102. On June 27, 2017, the Governor of the State signed into law Assembly Bill 102 ("**AB 102**"). AB 102 restructures the functions of the State Board of Equalization and creates two new agencies: (a) the California Department of Tax and Fee Administration (the "**Tax Administration Department**") and (b) the Office of Tax Appeals. Under AB 102, the Tax Administration Department will take over programs previously in the State Board of Equalization's Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the State Board of Equalization will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the State Board of Equalization only hears appeals related to the programs that it constitutionally administers and the Office of Tax Appeals hears appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Offices of Tax Appeals to adopt regulations as necessary to carry out its duties, powers and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – "DISTRICT FINANCIAL AND OPERATING INFORMATION – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Risk of Decline in Property Values; Earthquakes and Other Risks. Property values could be reduced by factors beyond the District's control, including earthquake and a depressed real estate market due to general economic conditions in the County, the region and the State.

The District is located in a seismically active region. Active earthquake faults underlie both the District and the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area. They include the San Andreas fault, the Hayward fault and the Calaveras fault. On August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area.

In August 2016, the 2014 Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey, the California Geological Society and the Southern California Earthquake Center) issued a revised report that states there is a 72% chance that one or more earthquakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2043. Such earthquakes may be very destructive. Property within the City could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area's economic activity.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, sea level rise, fire, toxic dumping, acts of terrorism, etc., or 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). Lower assessed values could 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 bonds in the future might also cause the tax rate to increase.

Risk of Wildfire. In recent years, portions of California, including the County and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District.

Bonding Capacity. As a unified school district, the District may not issue bonds in excess of 2.5% of the assessed valuation of taxable property within its boundaries, as shown on the final assessment roll as of August 20 of each year. The District's gross bonding capacity is $1,008,313,108, and its net bonding capacity is approximately $739,138,763, prior to the issuance of the Bonds. In accordance with the law which permitted the Bonds to be approved by a 55% affirmative vote, bonds approved by the District's voters at November 6, 2018 election may not be issued unless the District projects that repayment of all outstanding bonds approved at the election will require a tax rate no greater than $60.00 per $100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Bonds, the District projects that the maximum tax rate required to repay all outstanding bonds approved at the election held on November 6, 2018 will not exceed $60.00 per $100,000 of assessed value.

Assessed Valuation by Jurisdiction. The following table describes the percentage and value of the total assessed valuation of the property within the District's boundaries for fiscal year 2018-19.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Assessed Valuation by Jurisdiction
Fiscal Year 2018-19

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Los Altos Hills	$ 2,906,541,883	7.21%	$ 8,079,300,293	35.98%
City of Palo Alto	36,308,982,204	90.02	36,801,413,139	98.66
Unincorporated Santa Clara County	1,117,000,233	2.77	17,968,471,412	6.22
Total District	$40,332,524,320	100.00%		
Santa Clara County	$40,332,524,320	100.00%	$482,861,280,340	8.35%

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table gives a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Assessed Valuation and Parcels by Land Use
Fiscal Year 2018-19

Non-Residential:	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 17,776,845	0.05%	28	0.13%
Commercial/Office	7,161,509,591	18.64	944	4.22
Industrial	1,909,564,265	4.97	117	0.52
Recreational	49,768,683	0.13	15	0.07
Government/Social/Institutional	149,003,566	0.39	158	0.71
Miscellaneous	6,758,944	0.02	29	0.13
Subtotal Non-Residential	$9,294,381,894	24.19%	1,291	5.77%
Residential:				
Single Family Residence	$24,185,220,944	62.94%	16,724	74.79%
Condominium/Townhouse	2,623,973,788	6.83	3,223	14.41
Mobile Home	79,668	0.00	7	0.03
2-4 Residential Units	494,598,964	1.29	500	2.24
5+ Residential Units/Apartments	1,523,868,305	3.97	357	1.60
Subtotal Residential	$28,827,741,669	75.02%	20,811	93.07%
Vacant Parcels	$304,159,270	0.79%	259	1.16%
Total	$38,426,282,833	100.00%	22,361	100.00%

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single-Family Residential Properties. The following table focuses on single-family residential properties only, which comprise approximately 62.9% of the assessed value of taxable property in the District. The average assessed valuation of a single family home in the District is $1,446,139, and the median assessed valuation of a home in the District is $1,030,055.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2018-19

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	16,724	$24,185,220,944	$1,446,139	$1,030,055

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	978	5.848%	5.848%	$ 78,846,553	0.326%	0.326%
$100,000 - $199,999	1,876	11.217	17.065	264,135,921	1.092	1.418
$200,000 - $299,999	848	5.071	22.136	209,364,339	0.866	2.284
$300,000 - $399,999	737	4.407	26.543	255,370,099	1.056	3.340
$400,000 - $499,999	615	3.677	30.220	276,375,096	1.143	4.482
$500,000 - $599,999	664	3.970	34.190	364,986,099	1.509	5.992
$600,000 - $699,999	693	4.144	38.334	448,826,305	1.856	7.847
$700,000 - $799,999	607	3.630	41.964	454,808,387	1.881	9.728
$800,000 - $899,999	532	3.181	45.145	452,956,956	1.873	11.601
$900,000 - $999,999	638	3.815	48.960	605,828,390	2.505	14.106
$1,000,000 - $1,099,999	576	3.444	52.404	604,447,897	2.499	16.605
$1,100,000 - $1,199,999	557	3.331	55.734	639,844,498	2.646	19.251
$1,200,000 - $1,299,999	455	2.721	58.455	567,418,141	2.346	21.597
$1,300,000 - $1,399,999	473	2.828	61.283	638,501,356	2.640	24.237
$1,400,000 - $1,499,999	439	2.625	63.908	636,860,677	2.633	26.870
$1,500,000 - $1,599,999	426	2.547	66.455	659,297,830	2.726	29.596
$1,600,000 - $1,699,999	424	2.535	68.991	699,303,590	2.891	32.487
$1,700,000 - $1,799,999	376	2.248	71.239	657,844,170	2.720	35.208
$1,800,000 - $1,899,999	336	2.009	73.248	621,786,595	2.571	37.778
$1,900,000 - $1,999,999	314	1.878	75.126	612,119,250	2.531	40.309
$2,000,000 and greater	4,160	24.874	100.000	14,436,298,795	59.691	100.000
Total	16,724	100.000%		$24,185,220,944	100.000%	

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

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Largest Taxpayers in District. The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the 2018-19 tax roll, and the assessed valuations thereof, are shown below. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed is a unique name appearing on the tax rolls; the District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Largest 2018-19 Local Secured Taxpayers

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total(1)
1.	Board of Regents Leland Stanford Jr. University	Various Land Holdings	$6,430,874,306	16.74%
2.	Space Systems Loral Land LLC	Research and Development	248,246,753	0.65
3.	Google Inc.	Office Building	128,692,887	0.33
4.	395 Page Mill LLC	Office Building	118,303,278	0.31
5.	ARE-San Francisco 69 LLC	Office Building	114,574,845	0.30
6.	SVF Sherman Palo Alto Corporation	Office Building	97,856,041	0.25
7.	Hohbach Realty Co. LP	Apartments	94,642,043	0.25
8.	SI 45 LLC	Office Building	81,145,206	0.21
9.	Gwin Property Inc.	Office Building	78,540,000	0.20
10.	BVK Hamilton Ave. LLC	Office Building	73,189,015	0.19
11.	530 Lytton Owner LLC	Office Building	71,138,440	0.19
12.	PA Hotel Holdings LLC	Hotel	70,028,201	0.18
13.	Ronald & Ann Williams Charitable Foundation	Office Building	66,211,990	0.17
14.	Donald Ferrando, Trustee	Office Building	64,575,725	0.17
15.	Palo Alto Property Owner LLC	Office Building	63,543,895	0.17
16.	PPC Forest Towers LLC	Apartments	59,789,088	0.16
17.	130 Lytton Owner LLC	Office Building	57,100,623	0.15
18.	Eos II Palo Alto Technology Center LLC	Office Building	52,521,085	0.14
19.	Pacific Land Development	Hotel	48,665,210	0.13
20.	Palmetto Hospitality of Palo Alto LLC	Hotel	48,249,572	0.13
			$8,067,888,203	21.00%

(1) 2018-19 Local Secured Assessed Valuation: $38,426,282,833.
Source: California Municipal Statistics, Inc.

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. Lower assessed values could 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.

One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The following table shows *ad valorem* property tax rates for the last several years in the typical tax rate area of the District, TRA 6-001. TRA 6-001 comprises 75.3% of the total assessed value of property in the District as of fiscal year 2018-19.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Summary of *Ad Valorem* Tax Rates
(Dollars Per $100 of Assessed Valuation)
Typical Total Tax Rate (6-001)[(1)]

	2014-15	2015-16	2016-17	2017-18	2018-19
General	1.00000	1.00000	1.00000	1.00000	1.00000
County Retirement Levy	.03880	.03880	.03880	.03880	.03880
County Hospital Bonds	.00910	.00880	.00860	.00820	.00720
County Housing Bonds	-	-	-	.01266	.01050
City of Palo Alto	.01594	.01477	.01290	.01177	.01106
Palo Alto Unified School District	.08510	.08600	.07930	.07930	.08200
Foothill-De Anza Community College District	.02760	.02400	.02340	.02200	.02170
Midpeninsula Open Space Park District	-	-	.00060	.00090	.00180
Total All Property	1.17654	1.17317	1.16360	1.17363	1.17306
Santa Clara Valley Water District - State Water Project	.00650	.00570	.00570	.00620	.00420
Total Land and Improvement	.00650	.00570	.00570	.00620	.00420

(1) 2018-19 assessed valuation of TRA 6-001 is $30,355,549,939.
Source: California Municipal Statistics, Inc.

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, including the Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer and tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. A penalty of 10% attaches immediately to all delinquent payments and any additional amount determined by the county treasurer and tax collector. If the taxes have not been paid by June 30, the tax is deemed to be in default. Secured roll 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 the taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale at a public auction by the county treasurer and tax collector

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured roll after July 31, if unpaid, are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. To collect unpaid taxes, the county treasurer and tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interest of the taxpayer. The county treasurer and tax collector may also bring a civil suit against tax taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table sets forth a recent history of real property tax delinquencies in the District with respect to the bond debt service levy.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Property Tax Delinquencies
Fiscal Years 2008-09 through 2017-18

Fiscal Year	% Delinquent June 30
2008-09	-
2009-10	1.02%
2010-11	1.02
2011-12	0.76
2012-13	0.39
2013-14	0.81
2014-15	1.05
2015-16	1.46
2016-17	1.14
2017-18	0.34

Source: California Municipal Statistics, Inc.

Teeter Plan. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 et seq. of the State Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the County, including the District, receives the full amount of uncollected taxes credited to its fund (including delinquent taxes, if any), in the same manner as if the full amount due from taxpayers had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due the local agency. The County applies the Teeter Plan to taxes levied for repayment of school district bonds.

The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency.

Direct and Overlapping Debt

Set forth in the following table is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc. for debt issued as of June 15, 2019. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Direct and Overlapping Bonded Debt

2018-19 Assessed Valuation: $40,332,524,320

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 6/15/19
Santa Clara County	8.353%	$ 79,121,287
Foothill-DeAnza Community College District	24.095	149,423,669
Palo Alto Unified School District	**100.000**	**269,174,345**(1)
El Camino Hospital District	3.176	3,953,802
City of Palo Alto	98.662	59,690,510
Midpeninsula Open Space Park District	14.089	13,026,689
City of Palo Alto Parking 1915 Act Bonds	100.000	20,935,000
Santa Clara Valley Water District Benefit Assessment District	8.353	6,145,302
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$601,470,604
OVERLAPPING GENERAL FUND DEBT:		
Santa Clara County General Fund Obligations	8.353%	$ 59,351,333
Santa Clara County Pension Obligations	8.353	29,434,208
Santa Clara County Board of Education Certificates of Participation	8.353	355,420
Foothill Community College District Certificates of Participation	24.095	6,438,907
City of Palo Alto General Fund Obligations	98.662	45,685,439
Santa Clara County Vector Control District Certificates of Participation	8.353	187,525
Midpeninsula Regional Open Space Park District General Fund Obligations	14.089	16,547,615
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$158,000,447
Less: Santa Clara County obligations supported by Medical Center and airport operating revenues		26,885,672
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$131,114,775
GROSS COMBINED TOTAL DEBT		$759,471,051(2)
NET COMBINED TOTAL DEBT		$732,585,379

Ratios to Assessed Valuation:

Direct Debt 0.67%
Total Direct and Overlapping Tax and Assessment Debt...... 1.49%
Gross Combined Total Debt.. 1.88%
Net Combined Total Debt.. 1.82%

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District ("**Bond Counsel**"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "**Code**") and is exempt from State personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the 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 Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("**Premium Bonds**") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, 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 or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("**IRS**") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

OTHER LEGAL MATTERS

Possible Limitations on Remedies

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing the District from becoming insolvent, the State Superintendent of Public Instruction (the "**State Superintendent**"), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "**Bankruptcy Code**") on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District or the County (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair and equitable and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in the state in the exercise of its political or governmental powers, including expenditures for such exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of the debtor, unless the debtor consents to that action or the plan so provides. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* tax revenue in excess of the District's share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to state law, all general obligation bonds issued by local agencies, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. State law provides that the lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District's other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the Bonds may be prohibited from taking any action to require the District or the County to make payments on the Bonds without the bankruptcy court's permission. This could result in substantial delays in payments on the Bonds.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of Bonds.

Bondholders may experience delays or reductions in payments on the Bonds, the Bonds may decline in value or Bondholders may experience other adverse effects should the District file for bankruptcy.

Possession of Tax Revenues; Remedies. If the District goes into bankruptcy and the District or the County has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the District or the County, as applicable, does not voluntarily pay such tax revenues to the Owners of the Bonds, it is not entirely clear what procedures the Owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy).

Opinion of Bond Counsel Qualified. The proposed form of opinion of Bond Counsel, attached hereto as APPENDIX C – "PROPOSED FORM OF OPINION OF BOND COUNSEL," is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. A complete copy of the proposed form of Bond Counsel opinion is set forth in APPENDIX C – "PROPOSED FORM OF OPINION OF BOND COUNSEL." Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Legality for Investment in California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("**EMMA**") system or such other electronic system designated by the Municipal Securities Rulemaking Board, certain financial information and operating data relating to the District (the "**Annual Report**") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2018-19 fiscal year (which is due no later than April 1, 2020) and notice of the occurrence of certain enumerated events ("**Notice Events**") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**").

As of the date of this Official Statement, all reports required under the Rule have been filed with the Municipal Securities Rulemaking Board. In the past five years, the District has failed to timely file an underlying rating change in connection with its previous continuing disclosure undertakings. The District has since filed such report and all other required filings.

Litigation

No litigation is pending or, to the best knowledge of the District, threatened concerning or contesting the validity of the Bonds or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Bonds or District or County officials who will sign certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds.

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

MISCELLANEOUS

Ratings

The Bonds have been assigned the rating of "Aaa" by Moody's Investors Service ("**Moody's**") and "AAA" by S&P Global Ratings ("**S&P**"). Rating agencies generally base their ratings on their own investigations, studies, and assumptions. The District has provided certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement). The ratings reflect only the views of the rating agencies, and any explanation of the significance of such ratings may be obtained only from the respective rating agency. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agencies, if, in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. PFM Financial Advisors LLC is acting as Municipal Advisor with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Sale of the Bonds

The Bonds were sold at competitive bid on July 10, 2019, as provided in the Official Notice of Sale, dated July 1, 2019 (the "**Official Notice of Sale**"). The Bonds were awarded to Fidelity Capital Markets (the "**Purchaser**") at a purchase price of $31,485,424.25 (consisting of the principal amount of the Bonds, plus a net original issue premium of $1,610,363.00 and less an underwriter's discount of $124,938.75). The Official Notice of Sale provided that all Bonds would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Official Notice of Sale, the approval of certain legal matters by Bond Counsel and certain other conditions. The Purchaser has represented to the District that the Bonds have been reoffered to the public at the prices or yields stated on the cover page hereof.

Additional Information

Quotations from and summaries and explanations of the Bonds, the resolution providing for the issuance 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. Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the Superintendent, 25 Churchill Avenue, Palo Alto, California 94306. The District may impose a charge for copying, mailing and handling.

All data contained herein have been taken or constructed from the District's records and other sources, as indicated. This Official Statement and its distribution have been duly authorized and approved by the District.

PALO ALTO UNIFIED SCHOOL DISTRICT

By: /s/ Robert Golton
Bond Program Manager

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APPENDIX A

DISTRICT FINANCIAL AND OPERATING INFORMATION

*The information in this appendix concerning the operations of the Palo Alto Unified School District (the "**District**"), the District's finances, and State of California (the "**State**") funding of education, 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 or from State revenues. The Bonds are payable from the proceeds of an* ad valorem *tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County of Santa Clara (the "**County**") on property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."*

THE DISTRICT

Introduction

The District was established in 1893 and is located approximately 35 miles south of San Francisco in the County, the heart of California's Silicon Valley. The District provides educational services to the City of Palo Alto, the Stanford University campus, and portions of the towns of Los Altos Hills and Portola Valley. The District encompasses an area of approximately 45 square miles. The City of Palo Alto had a population of approximately 66,649 as of June 30, 2018.

The District currently operates twelve elementary schools (grades K-5), three middle schools (grades 6-8), two high schools (grades 9-12), an adult education program, a "Young Fives" program (a program for young kindergarten aged children and their parents) and two children's centers. The average daily attendance ("**A.D.A.**") in fiscal year 2018-19 was 11,557 students and is projected to be approximately 11,146 students in fiscal year 2019-20. As of June 18, 2019, the District employed approximately 1,507.8 full time equivalent (FTE) employees, including 816.7 FTE certificated (credentialed teaching) staff, 562.4 FTE classified (non-teaching) staff, and 128.7 management, supervisor and confidential FTE personnel. The District has projected general fund expenditures of approximately $255.3 million for fiscal year 2019-20. Total assessed valuation of taxable property in the District in fiscal year 2018-19 is approximately $40.3 billion. The District operates under the jurisdiction of the Santa Clara County Superintendent of Schools (the "**County Superintendent**").

Board of Education and Key Personnel

The District is governed by a five-member board of education (the "**Board of Education**"), with two non-voting student members. The voting members are each elected to a four-year term, and elections are held every two years. The management and policies of the District are administered by the Superintendent, who is appointed by the Board of Education and responsible for day-to-day District operations as well as the supervision of the District's other key personnel.

Dr. Don Austin joined the District as Superintendent in July 2018. Prior to joining the District, Dr. Austin served as Superintendent for Palos Verdes Peninsula Unified School District, Assistant Superintendent, Educational Services for Huntington Beach Union High School District, and Principal for Laguna Beach High School and La Sierra High School. Dr. Austin has a Bachelor's degree from Baker University and a Doctorate degree in Educational Leadership from Azusa Pacific University.

Dr. James Novak joined the District as the Chief Business Official in September 2018. Prior to serving the District, he served as Assistant Superintendent, Business Services at Desert Sands Unified School District, and as Chief Business Officer or Assistant Superintendent for Long Beach Unified School District, Palm Springs Unified School District and South San Francisco Unified School District. He has a Doctorate degree in Education with a specialization in Educational Administration and Leadership from Walden University, a Master's degree in General Education Administration from Central Michigan University and a Bachelor's degree from Wayne State University.

Carolyn Chow is expected to assume the role of Chief Business Official on August 1, 2019. She currently serves as the Chief Business Official for San Mateo-Foster City School District. Prior to that, Ms. Chow served as Chief Business Officer for Las Lomitas Elementary School District. She has a Bachelor's degree from California Polytechnic State University, San Luis Obispo and has earned the CBO Certification from the California Association of School Business Officials.

Dr. Robert Golton has managed the District's bond program since 2008. He previously served the District since 1997 holding titles such as Assistant Superintendent, Chief Business Official, Deputy Superintendent, and Interim Superintendent. He has also been Chief Business Official in four other school districts. He has 50 years of experience in education. He has a Ph.D. from the University of California, Berkeley and a Master of Business Administration from San Francisco State University.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for all school districts in the State, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" below) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see "– Local Sources of Education Funding" below). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has budgeted to receive approximately 7.5% of its total general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), projected at approximately $19.3 million in fiscal year 2019-20. Such amount includes both the State funding provided under the LCFF (as defined below) as well as other State revenues (see "– Allocation of State Funding to School Districts; Local Control Funding Formula – *Attendance and LCFF*" and "Other District Revenues – *Other State Revenues*" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the State Constitution), a minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local educational agencies therein implemented a new funding formula for school finance system called the Local Control Funding Formula (the "**Local Control Funding Formula**" or "**LCFF**"). Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" below for more information.

State Budget Process. According to the State Constitution, the Governor of the State (the "**Governor**") must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two–thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also applies to trailer bills that appropriate funds and are identified by the State Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two–thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2018-19 State budget on June 27, 2018.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the State Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the State Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact upon the Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State

Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, **www.dof.ca.gov**, under the heading "California Budget." An impartial analysis of the State budget is posted by the Office of the Legislative Analyst at **www.lao.ca.gov**. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, **www.treasurer.ca.gov**. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Rainy Day Fund; SB 858. In connection with the 2014-15 State Budget, the Governor proposed certain constitutional amendments ("**Proposition 2**") to the rainy day fund (the "**Rainy Day Fund**") for the November 2014 Statewide election. Senate Bill 858 (2014) ("**SB 858**") amends the State Education Code to, among other things, limit the amount of reserves that may be maintained by a school district subject to certain State budget matters. Upon the approval of Proposition 2, SB 858 became operational. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2."

AB 1469. As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("**AB 1469**") which implements a new funding strategy for the California State Teachers' Retirement System ("**CalSTRS**"), increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. See "– Retirement Benefits – *CalSTRS*" below for more information about CalSTRS and AB 1469.

2018-19 State Budget. The Governor signed the fiscal year 2018-19 State Budget (the "**2018-19 State Budget**") on June 27, 2018. The 2018-19 State Budget sets forth a balanced budget for fiscal year 2018-19 that projects approximately $133.33 billion in revenues, and $83.82 billion in non-Proposition 98 expenditures and $54.87 billion in Proposition 98 expenditures. The 2018-19 State Budget includes a $1.96 billion reserve in the Special Fund for Economic Uncertainties. The 2018-19 State Budget uses dedicated proceeds from Proposition 2 to pay down approximately $1.75 billion in past budgetary borrowing and State employee pension liabilities. The 2018-19 State Budget includes total funding of $97.2 billion ($56.1 billion General Fund and $41.1 billion other funds) for all K-12 education programs. The 2018-19 State Budget provides $3.7 billion in new funding for the LCFF, which fully implements the school district and charter school formula two years earlier than originally scheduled, 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. The 2018-19 State Budget also provides $300 million one-time Proposition 98 General Fund resources for the Low-Performing Students Block Grant, which will provide resources in addition to LCFF funds to local educational agencies with students who perform at the lowest levels on the State's academic assessments and do not generate supplemental LCFF funds or State or federal special education resources.

Certain budgeted adjustments for K-12 education set forth in the 2018-19 State Budget include the following:

- Statewide System of Support. The 2018-19 State Budget includes $57.8 million in Proposition 98 General Fund resources for county offices of education to provide technical assistance to school districts, of which $4 million will go towards geographical regional leads to build systemwide capacity to support school district improvement.

- Multi-Tiered Systems of Support (MTSS). The 2018-19 State Budget includes $15 million one-time Proposition 98 General Fund resources to expand the State's MTSS framework to foster positive school climate in both academic and behavioral areas.

- Community Engagement Initiative. The 2018-19 State Budget includes $13.3 million one-time Proposition 98 General Fund resources for the California Collaborative for Educational Excellence and a co-lead county office of education to help school districts build capacity for community engagement in the LCAP process.

- California Collaborative for Educational Excellence. The 2018-19 State Budget includes $11.5 million Proposition 98 General Fund resources to support the California Collaborative for Educational Excellence in its role within the statewide system of support.

- Special Education Local Plan Area (SELPA) Technical Assistance. The 2018-19 State Budget includes $10 million Proposition 98 General Fund resources for SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance (specific to students with exceptional needs) within the statewide system of support.

- Strong Workforce Program. The 2018-19 State Budget includes $164 million ongoing Proposition 98 General Fund resources to establish a K-12 specific component within the Strong Workforce Program designed to encourage local educational agencies to offer high-quality career technical education programs that are aligned with needed industry skills and regional workforce development efforts occurring through the existing Strong Workforce Program.

- Career Technical Education Incentive Grant Program. The 2018-19 State Budget includes $150 million ongoing Proposition 98 General Fund resources to make permanent the Career Technical Education Incentive Grant Program.

- Inclusive Early Education Expansion Program. The 2018-19 State Budget creates the Inclusive Early Education Expansion Program, providing $167.2 million one-time Proposition 98 General Fund resources through a competitive grant program to increase the availability of inclusive early education and care for children aged zero to five years old, especially in low-income areas and in areas with relatively low access to care.

The complete 2018-19 State Budget is available from the California Department of Finance website at **www.dof.ca.gov.** The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2019-20 State Budget. The Governor released his proposed State budget for fiscal year 2019-20 (the "**Proposed 2019-20 State Budget**") on January 10, 2019. The Proposed 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20. However, the Governor cautions that there are uncertainties that must be considered as the budget is revised, including the impact of the global political and economic climate, changes to federal policy, rising costs and risk of recession. The Proposed 2019-20 State Budget estimates that total resources available in fiscal year 2018-19 totaled approximately $149.3 billion (including a prior year balance of approximately $12.4 billion) and total expenditures in fiscal year 2018-19 totaled approximately $144.1 billion. The Proposed 2019-20 State Budget projects total resources available for fiscal year 2019-20 of approximately $147.9 billion, inclusive of revenues and transfers of approximately $142.6 billion and a prior year balance of $5.2 billion. The Proposed 2019-20 State Budget projects total expenditures of $144.2 billion, inclusive of non-Proposition 98 expenditures of approximately $88.9 billion and Proposition 98 expenditures of approximately $55.3 billion. The Proposed 2019-20 State Budget proposes to allocate approximately $1.4 billion of the general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and $2.3 billion of such fund balance to the State's Special Fund for Economic Uncertainties. In addition, the Proposed 2019-20 State Budget estimates the Rainy Day Fund will have a fund balance of $15.3 billion.

Certain budgeted adjustments for K-12 education set forth in the Proposed 2019-20 State Budget include the following:

- Local Control Funding Formula. The Proposed 2019-20 State Budget includes an increase of $2 billion in Proposition 98 general fund resources for the LCFF.

- CalSTRS Pension Costs. The Proposed 2019-20 State Budget includes a $3 billion one-time payment of non-Proposition 98 general fund resources to CalSTRS to reduce long-term liabilities for local educational agencies and community colleges, of which $700 million will go towards buying down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining $2.3 billion will be allocated to the employers' long-term unfunded liability.

- Statewide System of Support. The Proposed 2019-20 State Budget includes an increase of $20.2 million of Proposition 98 general fund resources for county offices of education to provide technical assistance to school districts, consistent with the formula adopted in the 2018-19 State Budget.

- Special Education. The Proposed 2019-20 State Budget includes $576 million of Proposition 98 general fund resources, of which $186 million is on a one-time basis, to support expanded special education services and school readiness supports at local educational agencies with high percentages of both students with disabilities and unduplicated students who are low-income, youth in foster care, and English language learners.

- Access to Full-Day Kindergarten Programs. The Proposed 2019-20 State Budget includes an increase of $750 million of one-time non-Proposition 98 general fund resources to increase participation in kindergarten programs by constructing new or retrofitting existing facilities for full-day kindergarten programs.

- Longitudinal Education Data. The Proposed 2019-20 State Budget includes an increase of $10 million of one-time non-Proposition 98 general fund resources for the development of a longitudinal data system to improve coordination across educational data systems and track the impact of State investments on achieving educational goals. This system will host student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies. Stakeholder meetings will be held to consider data reliability and ways to improve data quality at each education segment.

- Proposition 98 Certification. The Proposed 2019-20 State Budget proposes to revise the Proposition 98 certification process to eliminate the cost allocation schedule and prohibit the State from adjusting Proposition 98 funding levels for a prior fiscal year in order to protect local educational agencies from unanticipated revenue drops in past fiscal years.

- School District Average Daily Attendance. The Proposed 2019-20 State Budget includes a decrease of $388 million of Proposition 98 general fund resources in 2018-19 for school districts as a result of a decrease in projected average daily attendance from the 2018-19 State Budget, and a decrease of $187 million of Proposition 98 general fund resources in 2019-20 for school districts as a result of further projected decline in average daily attendance for 2019-20.

- Local Property Tax Adjustments. The Proposed 2019-20 State Budget includes a decrease of $283 million of Proposition 98 general fund resources for school districts and county offices of education in 2018-19 as a result of higher offsetting property tax revenues, and a decrease of $1.25 billion of Proposition 98 general fund resources for school districts and county offices of education in 2019-20 as a result of increased offsetting property taxes

- Cost-of-Living Adjustments. The Proposed 2019-20 State Budget includes an increase of $187 million of Proposition 98 general fund resources to support a 3.46% cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- CalWORKs Stages 2 and 3 Child Care. The Proposed 2019-20 State Budget includes a net increase of $119.4 million of non-Proposition 98 general fund resources in 2019-20 to reflect increases in the number of CalWORKs child care cases. Total costs for Stage 2 and Stage 3 child care are $597.0 million and $482.2 million, respectively.

- Full-Year Implementation of Prior Year State Preschool Slots. The Proposed 2019-20 State Budget includes an increase of $26.8 million of Proposition 98 general fund resources to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through fiscal year 2018-19.

- County Offices of Education. The Proposed 2019-20 State Budget includes an increase of $9 million of Proposition 98 general fund resources for county offices of education to reflect a 3.46% cost-of-living adjustment and average daily attendance changes applicable to the LCFF.

- Emergency Readiness, Response and Recovery Grant. The Proposed 2019-20 State Budget includes an increase of $50 million of one-time non-Proposition 98 general fund resources to commence a comprehensive, statewide education campaign on disaster preparedness and safety.

The complete Proposed 2019-20 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2019-20 State Budget. The Legislative Analyst's Office ("**LAO**"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2019-20 State Budget entitled "The 2019-20 Budget: Overview of the Governor's Budget" on January 14, 2019 (the "**2019-20 Proposed Budget Overview**"). In the 2019-20 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2019-20 State Budget in light of uncertainties such as market volatility, rising costs and risk of recession. The LAO also highlights key features of the Proposed 2019-20 State Budget, which include prioritizing debt repayments and one-time programmatic spending and the early introduction of new policy goals.

The LAO notes that the Proposed 2019-20 State Budget is in a positive position, based in large part on the availability of significant discretionary resources in the amount of $20.6 billion. The LAO explains that this is due to the administration's higher revenue assumptions and lower-than-expected spending in health and human services programs. The LAO anticipates that capital gains revenues will likely be lower than the Proposed 2019-20 State Budget assumes due to the recent volatility of the financial market, including the sharp decline in stock prices at the end of 2018. However, the LAO suggests that any losses in capital gains revenues would likely be off-set by lower constitutionally required spending and reserve deposits. As a result, the LAO explains that under current conditions, the net effect on discretionary resources would be less than the full revenue decline. Although the LAO maintains a positive outlook on the Proposed 2019-20 State Budget, the LAO recognizes that the current financial market and economic conditions can change significantly and affect revenues in the May Revision of the Proposed 2019-20 State Budget.

The LAO summarizes that the Proposed 2019-20 State Budget allocates $20.6 billion in discretionary resources among a variety of priorities, including $9.7 billion for reducing debts and liabilities on a one-time basis, $5.1 billion for programmatic spending on a one-time basis, $2.7 billion for ongoing spending and $3 billion for reserves. The LAO points out that the Proposed 2019-20 State Budget uses a significant portion of discretionary resources for debt repayment and prioritizes one-time spending for programmatic expansions. The LAO finds this allocation prudent even though the Proposed 2019-20 State Budget apportions a smaller share of resources for reserves than recent budgets. The LAO explains that this approach benefits the budget in future years and in some cases reduces ongoing spending growth.

The LAO notes that the Proposed 2019-20 State Budget apportions $2.7 billion for ongoing spending, which will reach an estimated $3.5 billion under full implementation as costs grow over time. The LAO explains that these expenditure levels are in line with estimates of available ongoing resources. However, the LAO cautions that these costs could grow due to various uncertainties not captured in the spending proposals, such as increased costs for CalWORKs grants in case of recession and costs for disaster mitigation, response and recovery. The LAO further notes that while the Proposed 2019-20 State Budget includes mostly one-time spending for these purposes, they are more likely to be ongoing costs.

The LAO explains that the Proposed 2019-20 State Budget establishes a number of policy goals, including developing a plan for implementing universal preschool, negotiating existing state prescription drug prices and reviewing related negotiation and procurement practices, and expanding paid family leave. The LAO notes that these proposals are still in the process of development and, therefore, are not reflected in the administration's budget bottom line. The LAO finds that by proposing these policy goals at the beginning of the budget process, the Governor gives the State Legislature the opportunity to collaborate with the administration to shape these policies.

The 2019-20 Proposed Budget Overview is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

May Revision to the 2019-20 Proposed State Budget. The Governor released the May Revision to the proposed fiscal year 2019-20 State budget (the "**2019-20 May Revision**") on May 9, 2019. The 2019-20 May Revision proposes a balanced budget for fiscal year 2019-20. The 2019-20 May Revision projects an increase of $3.2 billion in short-term general fund revenues as compared to the Proposed 2019-20 State Budget. However, most of the increased revenues are constitutionally obligated to reserves, debt repayments and schools. Therefore, the budget surplus remains relatively unchanged. The 2019-20 May Revision estimates that total resources available in fiscal year 2018-19 will be approximately $149.5 billion (including revenues and transfers of approximately $138.1 billion and a prior year balance of $11.4 billion) and total expenditures in fiscal year 2018-19 will be approximately $143.2 billion. The 2019-20 May Revision projects total resources available for fiscal year 2019-20 of approximately $150.1 billion, inclusive of revenues and transfers of approximately $143.8 billion and a prior year balance of approximately $6.2 billion. The 2019-20 May Revision projects total expenditures of approximately $147.0 billion, inclusive of non-Proposition 98 expenditures of $91.1 billion and Proposition 98 expenditures of $55.9 billion. The 2019-20 May Revision proposes to allocate approximately $1.4 billion of the State general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and approximately $1.7 billion of such fund balance to the State's special fund for economic uncertainties. In addition, the 2019-20 May Revision estimates that the State's Proposition 2 rainy day fund (the "**Rainy Day Fund**") will have a fund balance of approximately $16.5 billion.

The 2019-20 May Revision assumes slow economic expansion and a balanced budget through fiscal year 2019-20, although its forecasts are limited by growing uncertainty related to the global political and economic climate, federal policies, rising costs and the duration of the current economic expansion. The 2019-20 May Revision projects that the Rainy Day Fund will reach its maximum of 10% of general fund revenues in fiscal year 2020-21. By the end of fiscal year 2022-23, the 2019-20 May Revision projects that the Rainy Day Fund balance will have a balance of $18.7 billion.

The 2019-20 May Revision includes total funding of $101.8 billion for all K-12 education programs, including $58.9 billion from the general fund and $42.9 billion from other funds.

Certain adjustments and budgetary proposals for K-12 education set forth in the 2019-20 May Revision include the following:

- Proposition 98 Minimum Guarantee. The 2019-20 May Revision projects increased Proposition 98 funding by $78.4 million in fiscal year 2017-18, $278.8 million in fiscal year 2018-19 and $389.3 million in fiscal year 2019-20, due to an increase in general fund revenues, an increase in the minimum guarantee funding level in fiscal year 2017-18 and a slightly slower decline in A.D.A. than projected in the Proposed 2019-20 State Budget.

- Public School System Stabilization Account. For the first time, the 2019-20 May Revision projects that a deposit is required to the Public School System Stabilization Account in the amount of $389.3 million in Proposition 98 resources.

- Special Education. The 2019-20 May Revision proposes to allocate $696.2 million in ongoing Proposition 98 general fund resources to special education, $119.2 million more than set forth in the Proposed 2019-20 State Budget, to increase coordination between local general education and special education programs, and for program governance and accountability for special education student outcomes.

- Retaining Well-Prepared Educators. The 2019-20 May Revision includes $89.8 million in one-time non-Proposition 98 general fund resources for loan repayments of newly credentialed teachers to work in high-need schools. The 2019-20 May Revision also includes $44.8 million in one-time non-Proposition 98 general fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, and $13.9 million in ongoing federal funds for professional learning opportunities for public school administrators supporting diverse student populations in State public schools.
- Access to Computer Science Education. The 2019-20 May Revision includes $15 million in one-time Proposition 98 general fund resources for broadband infrastructure and $1 million in one-time non-Proposition 98 general fund resources for the State Board of Education to establish a State Computer Science Coordinator.

- CalSTRS Employer Contribution Rate. The 2019-20 May Revision includes $150 million in one-time non-Proposition 98 general fund resources to reduce the employer contribution rate to 16.7% in fiscal year 2019-20.

- Local Control Funding Formula Adjustments. The 2019-20 May Revision proposes an increase of $70 million in Proposition 98 general fund resources in fiscal year 2018-19 and a decrease of $63.9 million in Proposition 98 general fund resources in fiscal year 2019-20 for school districts, charter schools and county offices of education to reflect changes in A.D.A. and cost-of-living in fiscal year 2019-20 that affect the LCFF calculation.

- Classified School Employees Summer Assistance Program. The 2019-20 May Revision includes an increase of $36 million in one-time Proposition 98 general fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a State match for classified employee savings used to provide income during summer months.

- Local Property Tax Adjustments. The 2019-20 May Revision proposes an increase of $146.6 million of Proposition 98 general fund resources in fiscal year 2018-19 and $142.1 million in fiscal year 2019-20 for school districts, special education local plan areas, and county offices of education as a result of lower offsetting property tax revenues in these years.

- Wildfire-Related Cost Adjustments. The 2019-20 May Revision proposes an increase of $2 million in one-time Proposition 98 general fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by wildfires in 2017 and 2018. The 2019-20 May Revision also proposes an increase of $727,000 in one-time Proposition 98 general fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses.

- Categorical Program Cost-of-Living Adjustments. The 2019-20 May Revision proposes to decrease the Proposition 98 general fund by $7.4 million for selected categorical programs during fiscal year 2019-20. Such decrease reflects a change in the cost-of-living set forth in the Proposed 2019-20 State Budget of 3.46% to 3.26% in the 2019-20 May Revision.

- Categorical Program Growth. The 2019-20 May Revision proposes to increase the Proposition 98 general fund by $7.6 million for selected categorical programs, based on updated estimates of A.D.A. growth.

The complete 2019-20 May Revision is available from the California Department of Finance website at **www.dof.ca.gov.** The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Analysis of the May Revision of 2019-20 Proposed State Budget Education Proposals. The LAO released its analyses of the education proposals included in the 2019-20 May Revision entitled, "Overview of the May Revision Proposition 98 Package" on May 13, 2019 and "The 2019-20 May Revision: Analysis of the May Revision Education Proposals" on May 15, 2019 (together, the "**May Revise Analysis**"). In the May Revise Analysis, the LAO notes that the 2019-20 May Revision contains many new policy proposals and major revisions to the Proposed 2019-20 State Budget. The LAO highlights large policy proposals in the 2019-20 May Revision, which include creating an emergency child care program, creating rapid re-housing programs for homeless college students and offering loan forgiveness to teachers working in shortage areas. The LAO also summarizes major modifications to the Proposed 2019-20 State Budget, which include reducing proposed funding for kindergarten facility grants and increasing ongoing funding for special education concentration grants.

The LAO explains that the 2019-20 May Revision calculations of the Proposition 98 minimum guarantee are reasonable. Compared to the 2019-20 May Revision, the LAO estimates general fund revenues to be $200 million lower in fiscal year 2017-18 and $400 million higher in fiscal years 2018-19 and 2019-20, primarily due to the availability of more recent data. The LAO estimates local property tax revenues to be comparable in fiscal year 2017-18 and $134 million higher than the administration's estimates across fiscal years 2018-19 and 2019-20 combined. The LAO points out that these differences are minor. The LAO notes that its estimate of the Proposition 98 minimum guarantee is identical to the administration's estimates in fiscal year 2017-18 and only $250 million higher across fiscal years 2018-19 and 2019-20 combined. As a result, the LAO finds that the administration's estimates of the Proposition 98 minimum guarantee are reasonable and appropriate for budget deliberations.

The LAO notes that the 2019-20 May Revision contemplates a $389 million deposit in the Rainy Day Fund. The LAO finds this calculation to be consistent with the administration's estimate of the relevant factors. The LAO explains that although a $389 million deposit is relatively small compared to the Proposition 98 minimum guarantee, the reserve could provide fiscal relief during recessions and periods in which districts face greater difficulty balancing their local budgets.

The LAO notes that the Proposed 2019-20 State Budget created a deficit in the Proposition 98 minimum guarantee budget for fiscal year 2020-21 by allocating nearly $80 million in one-time funds to pay for ongoing programs. The LAO points out that the 2019-20 May Revision eliminates this deficit. The LAO explains that although the 2019-20 May Revision relies upon $250 million in one-time funds to pay for ongoing programs, it also contains $400 million in one-time allocations, mainly deposited in the Rainy Day Fund. The LAO calculates that these allocations provide the Proposition 98 minimum guarantee a net surplus of approximately $150 million in fiscal year 2020-2021. The LAO cautions, however, that the $150 million cushion is the smallest it has been in seven years. The LAO points out that over the past six years, the State has set aside an average of $700 million each year for one-time activities (excluding settle-up payments and repurposing unspent prior-year funds). The LAO warns that even a modest recession could reduce the Proposition 98 minimum guarantee by a few billion dollars and quickly deplete the $150 million cushion. As a result, the LAO suggests that the State Legislature shift even more funding toward one-time activities in its final budget package.

The LAO notes that the 2019-20 May Revision proposes to increase ongoing funding for special education grants. The LAO cautions that this proposal may conflict with its intended goal of reducing the number of students identified for special education services. The LAO points out that funding is based in part on the number of students identified with a disability and school districts with above-average identification rates would benefit, while school districts that successfully reduce identification rates would lose substantial funding. The LAO suggests that the State Legislature focus instead on equalizing existing special education funding rates or modifying the special education funding formula to allocate funding specifically for preschool special education, a service that schools are required to provide, but for which they currently receive no State funding.

According to the LAO, the 2019-20 May Revision proposes to limit eligibility for kindergarten facility grants to school districts that are converting their part-day program to a full-day program. The LAO finds this approach reasonable since the recipients of kindergarten facility grants in fiscal year 2018-19 were primarily school districts that already had full-day programs. The LAO explains that the 2019-20 May Revision also proposes to lower the required local match for kindergarten facility grants in order to encourage low-income school districts to apply. Although the LAO suggests that these policy modifications further the State's goal to increase full-day kindergarten programs, the LAO questions whether the proposed funding level of $600 million is too high and overestimates the number of eligible school districts interested in converting their programs.

The May Revise Analysis is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

2019-20 State Budget. The Governor signed the fiscal year 2019-20 State Budget (the "**2019-20 State Budget**") on June 27, 2019. The 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20 that projects approximately $143.8 billion in revenues, and $91.9 billion in non-Proposition 98 expenditures and $55.9 billion in Proposition 98 expenditures. The 2019-20 State Budget includes a $1.4 billion reserve in the Special Fund for Economic Uncertainties. To provide immediate and long-term relief to school districts facing rising pension costs, the 2019-20 State Budget includes a $3.15 billion non-Proposition 98 General Fund payment to CalSTRS and the California Public Employees' Retirement System ("**CalPERS**") Schools Pool. Of this amount, an estimated $850 million will buy down the employer contribution rates in fiscal years 2019-20 and 2020-21. The 2019-20 State Budget includes total funding of $103.4 billion ($58.8 billion General Fund and $44.6 billion other funds) for all K-12 education programs. The 2019-20 State Budget provides $1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26% cost of living adjustment.

Certain budgeted adjustments for K-12 education set forth in the 2019-20 State Budget include the following:

- Special Education. The 2019-20 State Budget includes $645.3 million ongoing Proposition 98 General Fund resources for special education, including $152.6 million to provide for all Special Education Local Plan Areas with at least the statewide target rate for base special education funding, and $492.7 million allocated based on the number of children ages 3 to 5 years with exceptional needs that the school district is serving.

- After School Education and Safety Program. The 2019-20 State Budget includes $50 million ongoing Proposition 98 General Fund resources to provide an increase of approximately 8.3% to the per-pupil daily rate for the After School Education and Safety Program.

- Longitudinal Data System. The 2019-20 State Budget includes $10 million one-time non-Proposition 98 General Fund resources to plan and develop a longitudinal data system to improve coordination across data systems and better track the impacts of state investments on achieving educational goals.

- Retaining and Supporting Well-Prepared Educators. The 2019-20 State Budget includes $89.8 million one-time non-Proposition 98 General Fund resources to provide up to 4,487 grants of $20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school for at least four years. The 2019-20 State Budget also includes $43.8 million one-time non-Proposition 98 General Fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, to build capacity around key state priorities. Finally, the 2019-20 State Budget includes $13.8 million ongoing federal funds to establish the 21st Century California Leadership Academy, to provide professional learning opportunities for public K-12 administrators and school leaders to acquire the knowledge, skills, and competencies necessary to successfully support the diverse student population served in California public schools.

- Broadband Infrastructure. The 2019-20 State Budget includes $7.5 million one-time non-Proposition 98 General Fund resources to assist school districts in need of infrastructure and updates to meet the growing bandwidth needs of digital learning.

- School Facilities Bond Funds. The 2019-20 State Budget assumes $1.5 billion Proposition 51 bond funds, an increase of $906 million over the prior year, to support school construction projects.

- Full-Day Kindergarten. The 2019-20 State Budget includes $300 million one-time non-Proposition 98 General Fund resources to construct new or retrofit existing facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.

- Proposition 98 Settle-Up. The 2019-20 State Budget includes an increase of $686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through fiscal year 2017-18.

- Classified School Employees Summer Assistance Program. The 2019-20 State Budget includes an increase of $36 million one-time Proposition 98 General Fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a state match for classified employee savings used to provide income during summer months.

- Wildfire-Related Cost Adjustments. The 2019-20 State Budget includes an increase of $2 million one-time Proposition 98 General Fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, the 2019-20 State Budget includes an increase of $727,000 one-time Proposition 98 General Fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses. Further, the 2019-20 State Budget holds both school districts and charter schools impacted by the wildfires harmless for State funding for two years.

The complete 2019-20 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or 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 beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2018-19 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Bonds.

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.

Dissolution of Redevelopment Agencies. The adopted State budget for fiscal year 2011-12, as signed by the Governor on June 30, 2011, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) ("**AB1X 26**") and Assembly Bill No. 27 (First Extraordinary Session) ("**AB1X 27**"), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Certain provisions of AB1X 26 are described further below.

In July of 2011, various parties filed an action before the State Supreme Court challenging the validity of AB1X 26 and AB1X 27 on various grounds *(California Redevelopment Association v. Matosantos).* On December 29, 2011, the State Supreme Court rendered its decision in *Matosantos* upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the State Supreme Court also modified various deadlines for the implementation of AB1X 26. The deadlines for implementation of AB1X 26 described below take into account the modifications made by the State Supreme Court in *Matosantos*.

On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency, will be transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its "enforceable obligations." For this purpose, AB1X 26 defines "enforceable obligations" to include "bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency" and "any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." AB1X 26 specifies that only payments included on an "enforceable obligation payment schedule" adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a "recognized obligation payment schedule" the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a "redevelopment property tax trust fund" created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 (now each January 2 and June 1 pursuant to AB 1484, as described below) thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller's administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;

- To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;

- To the former redevelopment agency's successor agency for payment of administrative costs; and

- Any remaining balance to school entities and local taxing agencies.

It is possible that there will be additional legislation proposed and/or enacted to "clean up" various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Allocation of State Funding to School Districts; Local Control Funding Formula

Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under Section 42238 et seq. of the State Education Code, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts," which are now referred to as "community-funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is a community-funded district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base grant ("**Base Grant**") per unit of A.D.A. with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth The LCFF originally had an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. In fiscal year 2018-19, the LCFF was fully funded ahead of the eight year implementation schedule. The LCFF includes the following components:

- A Base Grant for each local educational agency, equivalent to $7,643 per unit of A.D.A. in fiscal year 2013-14. Such Base Grant per unit of A.D.A., adjusted by grade span variation and to be adjusted annually for cost-of-living, is as follows: $6,845 for grades K-3, $6,947 for grades 4-6, $7,154 for grades 7-8 and $8,289 for grades 9-12. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades

K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12.

- A 20% supplemental grant for the unduplicated number of English language 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 educational agency's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local educational agency that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "**ERT**") that is intended to ensure that almost every local educational agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local educational agencies would receive the greater of the Base Grant or the ERT.

Under the new formula, for "basic aid districts" or "community funded districts" (as described below), local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

Local Control Accountability Plan. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year local control and accountability plan ("**LCAP**"). Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "**Collaborative**"), a newly established body of educational specialists, was created to advise and assist local educational agencies in achieving the goals identified in their LCAPs. For local educational agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local educational agency's LCAP.

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Attendance and LCFF. The following table sets forth the District's actual and projected A.D.A. enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "**EL/LI Students**")) and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 through 2018-19. The A.D.A. and enrollment numbers include special education in the table below.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013-14 through 2018-19

		A.D.A./Base Grant				Enrollment[9]		
Fiscal Year		K-3	4-6	7-8	9-12	Total A.D.A.[2]	Total Enrollment	Unduplicated Percent of EL/LI Students
2013-14	A.D.A.[2]	3,661	2,874	1,796	3,706	12,037	12,466	16.91%
	Targeted Base Grant[3]	$6,952	$7,056	$7,266	$8,419	-	-	-
2014-15	A.D.A.[2]	3,472	2,948	1,868	3,682	11,970	12,527	16.94%
	Targeted Base Grant[3][4]	$7,011	$7,116	$7,328	$8,491	-	-	-
2015-16	A.D.A.[2]	3,315	2,930	1,914	3,765	11,923	12,485	16.53%
	Targeted Base Grant[3][5]	$7,083	$7,189	$7,403	$8,578	-	-	-
2016-17	A.D.A.[2]	3,188	2,855	1,994	3,769	11,806	12,287	16.96%
	Targeted Base Grant[3][6]	$7,083	$7,189	$7,403	$8,578	-	-	-
2017-18	A.D.A.[2]	3,176	2,671	2,001	3,891	11,738	12,249	17.39%
	Targeted Base Grant[3][7]	$7,193	$7,301	$7,518	$8,712	-	-	-
2018-19[1]	A.D.A.[2]	3,082	2,542	1,915	4,019	11,557	11,992	17.93%
	Targeted Base Grant[3][8]	$7,459	$7,571	$7,796	$9,034	-	-	-

(1) Figures are projections.
(2) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(3) Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts were not fully funded in any of the fiscal years above except fiscal year 2018-19.
(4) Targeted fiscal year 2014-15 Base Grant amounts reflect a 0.85% cost of living adjustment from targeted fiscal year 2013-14 Base Grant amounts.
(5) Targeted fiscal year 2015-16 Base Grant amounts reflect a 1.02% cost of living adjustment from targeted fiscal year 2014-15 Base Grant amounts.
(6) Targeted fiscal year 2016-17 Base Grant amounts reflect a 0.00% cost of living adjustment from targeted fiscal year 2015-16 Base Grant amounts.
(7) Targeted fiscal year 2017-18 Base Grant amounts reflect a 1.56% cost of living adjustment from targeted fiscal year 2016-17 Base Grant amounts.
(8) Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts.
(9) Reflects enrollment as of October report submitted to the CBEDS in each school year. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI Students will be expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment will be based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI Students will be based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
Source: The District.

The District received approximately $197.4 million in aggregate revenues reported under LCFF sources in fiscal year 2018-19, and has projected to receive approximately $206.0 million in aggregate revenues under the LCFF in fiscal year 2019-20 (or approximately 80.3% of its general fund revenues in fiscal year 2018-19). Such amount includes approximately $3.2 million in supplemental grants.

Local Sources of Education Funding

The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Section 75 et seq. and Section 95 et seq. of the State Revenue and Taxation Code. Section 42238(h) of the State Education Code itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive.

Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts." School districts that received some State aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "− Allocation of State Funding to School Districts; Local Control Funding Formula" above for more information.

Local property tax revenues account for approximately 92.9% of the District's aggregate revenues reported under LCFF sources and are projected to be approximately $191.3 million, or 74.6% of total general fund revenues in fiscal year 2019-20.

For information about the property taxation system in the State and the District's property tax base, see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Property Taxation System," "– Assessed Valuation of Property Within the District," and "– Tax Collections and Delinquencies."

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Effect of Changes in Enrollment. Changes in local property tax income and student enrollment (or A.D.A.) affect LCFF districts and community funded districts differently.

In an LCFF district, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth—and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the $120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the District to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's adopted budget and projected A.D.A. are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2018-19 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise 1.3% (or approximately $3.3 million) of the District's general fund projected revenues in fiscal year 2019-20.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 4.4% (or approximately $11.2 million) of the District's general fund projected revenues for fiscal year 2019-20. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is projected at approximately $2.4 million for fiscal year 2019-20.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from other local sources, such as interest earnings, which is projected to comprise approximately 14.1% (or approximately $36.1 million) of the District's general fund projected revenues for fiscal year 2019-20.

Parcel Taxes

On May 5, 2015, more than two-thirds of the voters of the District approved a qualified special tax (usually referred to as a "parcel tax") of not more than $758 per parcel per year, increasing annually by 2% per year, for six years. An exemption is provided to parcels owned and occupied by taxpayers aged 65 and older, upon proper application. Proceeds from the tax are authorized to be used to preserve excellence in academic programs, reduce class sizes, attract and retain qualified teachers, and health, well-being and equitable opportunities for every student within the District. The parcel tax generated revenues in fiscal year 2018-19 of approximately $15.4 million. The District has projected approximately $15.6 million in parcel tax revenues for fiscal year 2019-20.

See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIC and Article XIIID of the State Constitution."

Significant Accounting Policies and Audited Financial Reports

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California School Accounting Manual, as required by the State Education Code. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Chavan & Associates, LLP, San Jose, California, serves as independent auditor to the District. The District's audited financial statements for the fiscal year ended June 30, 2018 are attached hereto as APPENDIX B. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to adopt its audited financial statements following a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The following table shows the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2013-14 through 2017-18.

PALO ALTO UNIFIED SCHOOL DISTRICT
General Fund
Revenues, Expenditures and Fund Balances
2013-14 Through 2017-18

	2013-14 Audited	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited
Revenues					
LCFF Sources	$137,253,28	$146,755,179	$165,687,695	$173,585,569	$184,425,781
Federal Sources	3,158,732	3,643,914	3,394,291	3,547,051	3,355,251
Other State Sources	10,533,696	9,306,856	17,930,741	14,494,883	15,803,915
Other Local Sources	36,427,424	37,177,934	36,827,768	36,724,208	37,334,091
Total Revenues	$187,373,133	$196,883,883	$223,840,495	$228,351,711	$240,919,038
Expenditures					
Certificated Salaries	$89,301,234	$93,216,112	$102,065,733	$109,043,468	$112,911,332
Classified Salaries	30,384,415	32,210,209	35,162,504	38,647,565	41,419,741
Employee Benefits	38,341,811	40,739,678	46,870,311	52,440,619	58,213,150
Books and Supplies	7,489,510	7,963,458	8,215,322	7,456,620	5,687,639
Services/Other Operating Expenditures	20,230,887	20,693,792	20,923,616	22,792,198	25,900,405
Capital Outlay	1,033,939	313,507	210,105	272,526	291,590
Other Outgo (excluding Transfers of Indirect Costs)	-	-	-	-	-
Other Outgo (Transfers of Indirect Costs)	-	-	-	(138,482)	(104,516)
Total Expenditures	$186,781,796	$195,136,756	$213,447,591	$230,514,514	$244,319,341
Excess (Deficiency) of Revenues Over (Under) Expenditures	$591,337	$1,747,127	$10,392,904	$(2,162,803)	$(3,400,303)
Other Financing Sources/(Uses)					
Transfers In	$ 45,563	$ 47,742	$ 43,213	$ 45,800	$ 32,374
Transfers Out	(1,055,700)	(1,055,700)	(450,000)	(450,000)	(600,000)
Other Uses	-	(3,491)	(10,473)	-	-
Net Financing Sources (Uses)	$(1,010,137)	$(1,011,449)	$(417,260)	$(404,200)	$(567,626)
Net Change in Fund Balances	$(418,800)	$735,678	$9,975,644	$(2,567,003)	$(3,967,929)
Beginning Fund Balance	$45,578,235	$45,159,435	$45,895,113	$55,870,757	$53,303,754
Ending Fund Balance	$45,159,435	$45,895,113	$55,870,757	$53,303,754	$49,335,825

Sources: The District's audited financial statements for fiscal years ended June 30, 2014 through 2018.

The District is required by State law and regulation to maintain various reserves. The District is generally required to maintain unrestricted general fund reserves in the amount of 3% percent of its total general fund expenditures, the level of which is based on total student attendance below 30,000. For fiscal year 2018-19, the District estimates an unrestricted general fund reserve of 3%, or approximately $7.7 million, compared to the fiscal year 2017-18 unrestricted general fund reserve of $7.4 million. The District maintains a 10% reserve policy. The remaining 7% is in Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects. In fiscal year 2019-20, the District has projected that Fund 17 has a balance of $17.6 million compared to $17.5 million in fiscal year 2018-19. Substantially all funds of the District are required by law to be deposited with and invested by the Director of Finance on behalf of the District, pursuant to law and the investment policy of the County. See APPENDIX E –

"SANTA CLARA COUNTY STATEMENT OF INVESTMENT POLICY AND QUARTERLY INVESTMENT REPORT."

The following table sets forth the budgeted revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2018-19 and 2019-20, and the estimated actuals for revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2018-19. Certain adjustments may be made throughout the year based on actual State funding and actual District revenues and tax collections. The District cannot make any predictions regarding the disposition of additional pending budget legislation or its effect on the District. The District's budget is a planning tool, and does not represent a prediction as to the actual achievement of any budgeted revenues or fund balances.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Budgeted General Fund Summary for Fiscal Years 2018-19 and 2019-20
and Estimated Actuals for Fiscal Year 2019-20[(1)]

	2018-19 Budgeted[(2)]	2018-19 Estimated Actuals[(3)]	2019-20 Budgeted[(3)]
REVENUES			
LCFF Sources	$190,938,839	$197,384,312	$205,997,355
Federal Revenue	3,247,888	3,912,851	3,339,068
Other State Revenue	15,795,723	14,313,230	11,193,213
Other Local Revenue	35,941,280	36,966,283	36,085,606
TOTAL	**$245,923,730**	**$252,576,676**	**$256,615,242**
EXPENDITURES			
Certificated Salaries	$114,075,703	$117,661,298	$114,946,393
Classified Salaries	40,282,347	42,202,792	42,846,007
Employee Benefits	60,172,674	61,923,720	62,594,320
Books and Supplies	5,172,408	6,833,466	5,819,326
Services/Other Operating Expenditures	24,158,908	27,456,035	28,985,867
Other Outgo – Excluding Transfers of Indirect Costs	7,200	7,200	12,000
Other Outgo – Transfers of Indirect Costs	(123,804)	(123,804)	(133,357)
Capital Outlay	220,000	370,000	240,000
TOTAL	**$243,965,436**	**$256,330,707**	**$255,310,557**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$1,958,294	$(3,754,031)	$1,304,685
OTHER FINANCING SOURCES (USES)			
Transfers In	$ 101,000	$ 101,000	$ 110,000
Transfers Out	(815,975)	(1,502,375)	(600,000)
TOTAL OTHER FINANCING SOURCES (USES)	**$(714,975)**	**$(1,401,375)**	**$(490,000)**
NET CHANGE IN FUND BALANCE	$1,243,319	$(5,155,406)	$814,685
Fund Balance – Beginning	**$30,635,679**	**$30,635,679**	**$25,480,274**
Fund Balance – Ending	**$31,878,998**	**$25,480,274**	**$26,294,959**

(1) Totals may not add due to rounding.
(2) Adopted budget, as of June 19, 2018.
(3) Adopted budget, as of June 18, 2019.
Source: The District.

District Budget Process and County Review

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

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

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 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. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the Superintendent of Public Instruction may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the Superintendent of Public Instruction and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the Superintendent of Public Instruction and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the Superintendent of Public Instruction and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. However, the county superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent assumed authority.

A State law adopted in 1991 (known as "**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 et. seq.), each school district is required to file two 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, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives 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 and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. In the last five years, the District has not received a negative or qualified certification for an interim financial report.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from ad valorem property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the Superintendent of Public Instruction and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State General Fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State General Fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State General Fund that must be repaid in 20 years. Each year, the Superintendent of Public Instruction will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State General Fund will be based upon the availability of funds within the State General Fund.

District Debt Structure

General Obligation Bonds. On June 6, 1995, the District's voters approved a bond proposition authorizing the issuance of up to $143 million of general obligation bonds (the "**1995 Authorization**"). The District issued three series of bonds under the 1995 Authorization. On April 20, 2005, the District issued refunding bonds (the "**2005 Refunding Bonds**") to refund the outstanding bonds under the 1995 Authorization. On August 14, 2012, the District issued refunding bonds (the "**2012 Refunding Bonds**") to refund a portion of the outstanding 2005 Refunding Bonds. On June 3, 2008, the District's voters approved a bond proposition authorizing the issuance of up to $378 million of general obligation bonds (the "**2008 Authorization**"). The District has issued five series of bonds under the 2008 Authorization. To date, approximately $38 million of the 2008 Authorization remains unissued.

On November 6, 2018, the District's voters approved a bond proposition authorizing the issuance of up to $460 million of general obligation bonds (the "**2018 Authorization**"). The Bonds will be the first series of bonds issued under the 2018 Authorization.

The 2012 Refunding Bonds and the District's general obligation bonds issued under the 2008 Authorization and 2018 Authorization are payable from a special *ad valorem* property tax which the County is required to levy in an amount sufficient to pay such obligations. The following table shows the bonds outstanding as of June 1, 2019, not including the Bonds.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Issued and Outstanding General Obligation Bonds
As of June 1, 2019

Issue Date	Series Name	Original Principal Amount	Outstanding Amount
09/11/08	Election of 2008, Series 2008	$119,999,248.80	$97,639,345.00
07/23/10	Election of 2008, Series 2010 (Qualified School Construction Bonds)	25,000,000.00	25,000,000.00
08/14/12	2012 General Obligation Refunding Bonds (Federally Taxable)	52,845,000.00	30,795,000.00
03/20/13	Election of 2008, Series 2013	70,000,000.00	47,710,000.00
06/04/14	Election of 2008, Series 2014	40,000,000.00	14,830,000.00
05/26/16	Election of 2008, Series 2016	45,000,000.00	20,500,000.00
05/26/16	Election of 2008, Series 2018	40,000,000.00	32,700,000.00
		Total Outstanding:	$269,174,345.00

Tax and Revenue Anticipation Notes. The District's tax and revenue anticipation notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys. The District evaluates each year whether or not temporary borrowing will be necessary or economically beneficial. The District has not issued temporary notes since fiscal year 2008-09. The District is currently planning to issue tax and revenue anticipation notes in fiscal year 2019-20.

Operating Lease Revenue. The District entered into a lease and covenant not to sell or develop, for non-school district purposes, with the City of Palo Alto for six school sites and eleven extended day care sites. On December 15, 2003, the Palo Alto City Council voted to exercise its option to extend the lease and covenant not to develop between the City of Palo Alto and the District for an additional ten years. The agreement may be partially or completely terminated under certain conditions. For more information regarding the operating lease revenue, see Note 10 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018." Future minimum lease payments under these agreements are as follows:

Fiscal Year Ending June 30	Lease Payments
2019	$ 8,560,568
2020	8,904,935
2021	2,715,861
2022	2,797,337
2023	1,697,062
2024-2028	9,280,230
2029-2033	10,758,329
TOTAL	$44,714,322

Accumulated Unpaid Employee Vacation. The long-term portion of accumulated unpaid employee vacation for the District as of June 30, 2018, amounted to $769,048.

Other Post-Employment Benefits (OPEBs). In addition to the retirement plan benefits with CalSTRS and the State Public Employees' Retirement System ("**CalPERS**") (see "– Retirement Benefits" below), the District provides certain post-retirement healthcare benefits, in accordance with District employment contracts. The Plan is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 22 retirees and beneficiaries currently receiving benefits and 586 active plan members.

The Governmental Accounting Standards Board ("**GASB**") released its Statement Number 45 ("**Statement Number 45**"), which requires municipalities to account for other post-employment benefits (meaning other than pension benefits) ("**OPEB**") liabilities much like municipalities are required to account for pension benefits. The expense is generally accrued over the working career of employees, rather than on a pay-as-you-go basis, which has been the practice for most municipalities and public sector organizations. OPEBs generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long term care benefits. Statement Number 45 was phased in over a three-year period based upon the entity's revenues. Statement Number 45 became effective for the District beginning in fiscal year 2008-09.

In 2017, the District implemented GASB Statement Number 75 ("**Statement Number 75**"), as a replacement to GASB Statement Number 45. Under Statement Number 75, net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service ("**total OPEB liability**"), less the amount of the OPEB plan's fiduciary net position. The District's total OPEB liability for the year ended June 30, 2018, was $22,796,846, and its net OPEB liability was $22,796,846. For the year ended June 30, 2018, the District recognized OPEB expense was $1,803,828 with deferred outflows of resources in the amount of $295,749. District employees hired on or after July 1, 2019 are not eligible to receive benefits under the Plan, and the District expects to close out the Plan in the future once all eligible employees have received their benefits in full. See APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018," Note 14 for additional information regarding the OPEB obligation and the postemployment benefits plan.

For additional information about the District's Plan, as well as information regarding the actuarial study of retiree health liabilities, see Note 14 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Labor Relations

The District has projected approximately 1,507.8 full-time equivalent (FTE) employees, consisting of 816.7 certificated (credentialed teaching) FTEs, 562.4 classified FTEs, and 128.7 management, supervisory and confidential FTEs for fiscal year 2019-20. For fiscal year 2018-19, the total certificated and classified payrolls were approximately $117.7 million and $42.2 million, respectively. For fiscal year 2019-20, the total certificated and classified payrolls are projected to be approximately $114.9 million and $42.8 million, respectively.

The District's certificated and classified employees are represented by formal bargaining organizations as shown in the following table.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Labor Organizations

Labor Organization	FTE Employees Represented	Contract Expiration
Palo Alto Educators Association	844	June 30, 2021
California Schools Employees Association, Chapter #301	560	June 30, 2021

Source: The District.

Retirement Benefits

The District participates in retirement plans with CalSTRS which covers all full-time certificated District employees, and CalPERS, which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, teachers contributed 8.0% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2.0% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.0% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. The State's total contribution also increased from approximately 3.0% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the State Teachers' Retirement Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.0% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.0% to a 2.75% price inflation factor.

As of June 30, 2017, an actuarial valuation (the "**2017 CalSTRS Actuarial Valuation**") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $107.3 billion, an increase of approximately $10.6 billion from the June 30, 2016 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 63.9%, 63.7% and 68.5%, 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 used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2017 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost

Method," an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2017 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "− *California Public Employees' Pension Reform Act of 2013*" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

As indicated above, there was no required contribution from teachers, school districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The actuarial valuation as of June 30, 2016 stated that the aggregate contribution rate as of June 30, 2017, inclusive of an equivalent rate contribution of 10.219% from members, 8.000% from employers relating to the base rate, 0.250% from employers based on the sick leave rate, 10.096% from employers based on the supplemental rate, 1.881% from the State based on the base rate and 4.021% from the State based on the supplemental rate is equivalent to 34.467%.

Pursuant to Assembly Bill 1469, school districts' contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	18.13
2020	19.10

Source: Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2012-13 through 2017-18, the estimated contribution for fiscal year 2018-19, and the budgeted contribution for fiscal year 2019-20.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Contributions to CalSTRS for Fiscal Years 2012-13 through 2019-20

Fiscal Year	Contribution
2012-13	$ 6,895,932
2013-14	7,370,235
2014-15	8,218,668
2015-16	10,810,489
2016-17	20,809,251(1)
2017-18	25,081,063(1)
2018-19(2)	25,818,176(1)
2019-20(3)	25,996,864(1)

(1) Increase due to rate increase and personnel changes.
(2) Estimated.
(3) Budgeted.
Source: The District.

With the implementation of AB1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

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

CalPERS. The District also participates in CalPERS for all full-time and some part-time classified employees. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. The school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS will not significantly increase in the future above current levels.

Districts are currently required to contribute to CalPERS at an actuarially determined rate, which was 11.847%, 13.888% and 15.531% of eligible salary expenditures for fiscal years 2015-16, 2016-17, and 2017-18, respectively, and 18.062% of eligible salary expenditures for fiscal year 2018-19. Plan participants enrolled in CalPERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which was 6% of their respective salaries in fiscal years 2015-16 and 2016-17, 6.50% in fiscal year 2017-18 and 7.00% in fiscal year 2018-19.

On April 17, 2013, the CalPERS board of administration (the "**CalPERS Board**") approved new actuarial policies aimed at returning CalPERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses and a five-year ramp-up of rates at the start and a five year ramp-down of rates at the end. The CalPERS Board delayed the implementation of the new policies until fiscal year 2015-16 for the State, schools and all other public agencies. In December 2016, the CalPERS Board voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19 and 7.0% beginning in fiscal year 2019-20. The new discount rate for the State went into effect beginning July 1, 2017 and the new discount rate for school districts became effective July 1, 2018. With regards to districts that contract with CalPERS to administer their pension plans, the change in the assumed rate of return is expected to result in increases in such districts' normal costs and unfunded actuarial liabilities.

Also, on February 20, 2014, the CalPERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the CalPERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The cost of the revised assumptions shall be amortized over a 20 year period and related increases in public agency contribution rates shall be affected over a three year period, beginning in fiscal year 2014-15. The new demographic assumptions affect the State, school districts and all other public agencies.

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

On February 14, 2018, the CalPERS Board approved modifying the CalPERS amortization policy for investment gains/losses from 30 years to 20 years, requiring that the amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, and eliminating the 5-year ramp-up/ramp-down policy for all gains/losses except for the ramp-up policy for investment gains/losses. Such policy changes will be reflected in actuarial valuations beginning June 30, 2019, and will be implemented starting with fiscal year 2021-22 contributions. Such policy applies only to prospective accumulation of amortization and will not affect current accrued unfunded liabilities, with the exception that, with regards to the CalPERS

Schools Pool Actuarial Valuation, the impact of the discount rate change from 7.25% to 7.00% in the June 30, 2019 valuation will be amortized under the old policy. Shortening the amortization period will increase employer contributions and help pay down the pension fund's unfunded liability faster, which may result in interest cost savings.

On April 18, 2018, the CalPERS Board established the employer contribution rates for fiscal year 2018-19 and released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2017, ahead of its summer 2018 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution for fiscal year 2019-20 is projected to be 20.8%, with annual increases thereafter, resulting in a projected 25.7% employer contribution rate for fiscal year 2025-26.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2012-13 through 2017-18, the estimated contribution for fiscal year 2018-19, and the budgeted contribution for fiscal year 2019-20.

PALO ALTO UNIFIED SCHOOL DISTRICT
(County of Santa Clara, California)
Contributions to CalPERS for Fiscal Years 2012-13 through 2019-20

Fiscal Year	Contribution
2012-13	$3,007,694
2013-14	3,234,270
2014-15	3,412,370
2015-16	3,934,281
2016-17	4,925,216(1)
2017-18	5,924,496(1)
2018-19(2)	6,803,453(1)
2019-20(3)	7,778,338(1)

(1) Increase due to rate increase and personnel changes.
(2) Estimated.
(3) Budgeted.
Source: The District.

The District's total employer contributions to CalPERS for fiscal years 2012-13 through 2017-18 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "*– California Public Employees' Pension Reform Act of 2013*" 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 CalPERS in future years.

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

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "**Reform Act**" or "**PEPRA**") into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "**Implementation Date**"). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in social security.

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 (except as already announced). CalSTRS and CalPERS liabilities are more fully described in APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018." The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

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 changed how governments calculated and reported the costs and obligations associated with pensions. Statement Number 67 replaced the 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 67 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes included: (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 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

The District implemented the provisions of GASB 68 which required the District to recognize its proportionate share of its unfunded pension liabilities with CalPERS and CalSTRS. These amounts were presented as long-term liabilities and are funded as a component of the annual required contribution that District makes to CalPERS and CalSTRS on behalf of its employees. See APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Insurance

During fiscal year ended June 30, 2018, the District contracted with Northern California Regional Liability Excess Fund ("**NorCal ReLiEF**") for property and liability insurance coverage for liabilities exceeding $50,000 with a limit of $1,000,000 per occurrence. The District is also a participant in the Schools Alliance for Workers' Compensation Excess Self-Funded insurance purchasing pool (the "**Insurance Pool**"). For more information regarding the District's property and liability and workers' compensation insurance, see Note 12 to the District's financial statements attached hereto as APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Foundations

The Palo Alto Partners in Education is a nonprofit public benefit corporation, providing financial support to the District. Palo Alto Partners in Education was formed solely to assist the District. The support is to supplement the resources available to the District through normal tax revenues and State funds. The foundation funds are unrestricted as to use. Foundation payments to the District for the fiscal year 2018-19 are estimated at approximately $5.8 million and are projected to be approximately $5.5 million for fiscal year 2019-20. There is no guarantee that the foundation will continue to provide this supplemental financial support to the District in the future and expenses are not obligated until revenues are received.

Capital Financing Plan

In its April 2007 Facility Master Plan, the District identified facilities improvement needs of approximately $553 million over the next 20 years. Planned maintenance costs are projected to total approximately $167 million over the same period. Additionally, the cost of upgrading technology, furniture and equipment is projected to total approximately $52 million. The District expects to finance its school construction costs from the proceeds of voter-approved debt. Measure A and Measure Z represent the first two of two or three bond measures the District intends to place before voters in the next 20 years.

As a condition to receiving past State modernization or construction funds, the District agrees to fund a restricted maintenance reserve account in the general fund each year for 20 years of at least 3% of its general fund budget. For fiscal years 2008-09 through 2012-13, the adopted 2009-10 State Budget reduced the required reserve contribution from 3% to 1%. For fiscal year 2019-20, the District has budgeted a maintenance reserve contribution of $8.7 million, or 3.4% of general fund expenditures.

Charter Schools

Independent charter schools operate as autonomous public schools, under charter from a school district, county office of education, or the State Board of Education, with minimal supervision by the local school district. Independent charter schools receive revenues from the State and from the District for each student enrolled, and thus effectively reduce revenues available for students enrolled in District schools. The District is also required to accommodate charter school students originating in the District in facilities comparable to those provided to regular District students.

There are no charter schools currently operating within the District.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

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) 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) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the State Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the State Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

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 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment 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.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the State Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979, thereby adding Article XIIIB to the State Constitution ("**Article XIIIB**"). Under Article XIIIB state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

In fiscal year 2017-18 the District had an appropriations limit of $185,372,622 with appropriations subject to the limit of $185,372,622. In fiscal year 2018-19, the District estimates an appropriations limit of $192,771,542. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Article XIIIC and Article XIIID of the State Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to Articles XIIIC and XIIID of the State Constitution ("**Article XIIIC**" and "**Article**

XIIID," respectively), 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 State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District imposes a parcel tax which is subject to the provisions of Proposition 218. On May 5, 2015, voters within the District approved Measure A by a two-thirds vote establishing an assessment of $758 per parcel per year, increasing annually by 2% per year, for six years between July 1, 2016 and June 30, 2022. The District also receives a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the State Supreme Court upheld Proposition 62 in its decision on September 28, 1995 in *Santa Clara County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the State Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "**K-14 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, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

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 districts. Such transfer would be excluded from the Appropriations Limit for K-14 districts and the K-14 districts Appropriations Limits 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 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 schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, California voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "**first test**") or (b) 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, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "– Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the "**Education Protection Account**"), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative ("**Proposition 55**"), approved by voters on November 8, 2016, extends by twelve years the temporary personal income tax increases on incomes over $250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales tax increases imposed by Proposition 30. Revenues from the income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process."

Proposition 2

Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues (and the 2014-15 State Budget notes that capital gains revenues are expected to account for approximately 9.8% of general fund revenues in fiscal year 2014-15); (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the Public School System Stabilization Account) to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

SB 858

SB 858 became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751

Senate Bill 751 ("**SB 751**"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance. The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 2, 30, 62, 98, 111 and 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

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APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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PALO ALTO UNIFIED SCHOOL DISTRICT
COUNTY OF SANTA CLARA
PALO ALTO, CALIFORNIA

AUDIT REPORT

JUNE 30, 2018

CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129

PALO ALTO UNIFIED SCHOOL DISTRICT
County of Santa Clara

Table of Contents

Table of Contents

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Palo Alto Unified School District
Palo Alto, 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 Palo Alto 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

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

Auditor's Responsibility

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

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

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

Opinion

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

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Emphasis of a Matter

Deficit Net Position

As of June 30, 2018, the District's net position in its Government-wide financial statements was at a deficit mostly because of the long-term pension liabilities and deferrals as reported in Note 13. Our opinion is not modified with respect to this matter.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The District currently funds this obligation on a pay-as-you go basis and through contributions to a trust. The District anticipates that its ongoing funding and current resources are sufficient to meet its obligations as they come due. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, organization schedule, schedule of average daily attendance, schedule of instructional time offered, schedule of charter schools, schedule of financial trends and analysis, schedule of expenditures of federal awards, as required *by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards,* and the reconciliation of the Annual Financial Budget report to the audited financial statements, as required by the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time offered, schedule of financial trends and analysis, and the reconciliation of the Annual Financial Budget report to the audited financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Except for the budget information included in the schedule of financial trends and analysis, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, combining statements – General Fund, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time offered, schedule of financial trends and analysis (except for the budget information), and the reconciliation of the Annual Financial Budget report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools and budget information included in the schedule of financial trends and analysis have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2018 on our consideration of The District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 The District's internal control over financial reporting and compliance.

C & A LLP

November 1, 2018
San Jose, California

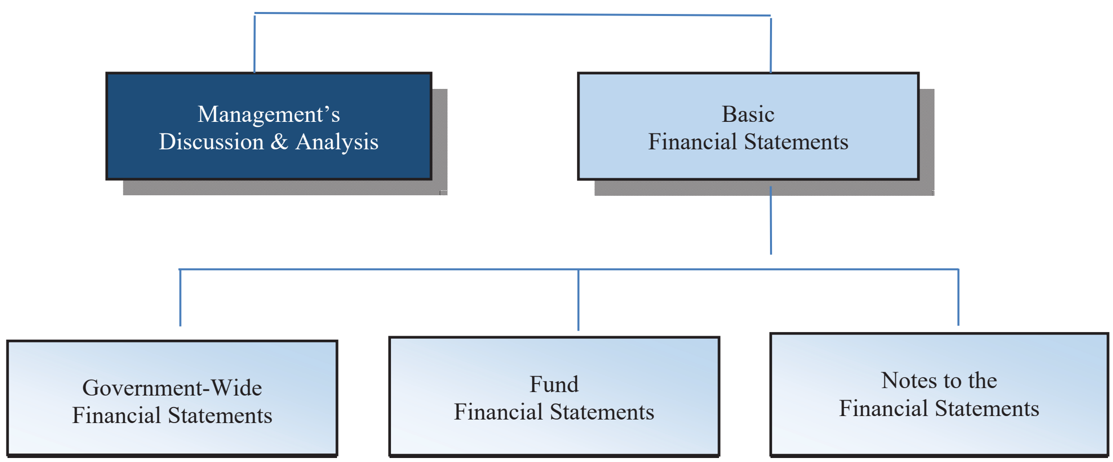
Management's Discussion and Analysis

INTRODUCTION

The Management's Discussion and Analysis (MD&A) is a required section of the District's annual financial report, as shown in the overview below. The purpose of the MD&A is to present a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity.

This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing.

Required Components of the Annual Financial Report



FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2018 were as follows:

- Total net position increased by $35,262,986 (71%), which included an increase in unrestricted net position of $5,896,508, from June 30, 2017 to June 30, 2018.

- The District recorded deferred outflows of resources of $90,500,858, an increase of 37%, and deferred inflows of resources of $18,502,384, a decrease of 46%, as required by governmental accounting standards for pensions and other postemployment benefits. Deferred outflows of resources are not assets but increase the Statement of Net Position similarly to an asset and deferred inflows of resources are not liabilities but decrease the Statement of Net Position similarly to liabilities.

- The District had $285,419,868 in government-wide expenses which is 91% of total government-wide revenues versus 101% in the prior year. Program specific revenues in the form of operating grants and contributions and charges for services accounted for $50,377,217, or 16%, of the total revenues of $312,058,785.

- General revenue of $261,681,568 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 84% of total revenues in 2018 versus 93% in 2017.

- The fund balances of all governmental funds increased by $40,022,776, which is a 27% increase from 2017.

- Total governmental fund revenues and expenditures totaled $312,058,787 and $313,336,439, respectively for the fiscal year ended 2018.

USING THE ANNUAL REPORT

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

OVERVIEW OF THE FINANCIAL STATEMENTS

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2017 - 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business type activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the District's major funds begins on with the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds were the General Fund, Building Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. We use internal service funds (a component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service fund is reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2018 as compared to June 30, 2017:

Table 1 - Summary of Statement of Net Position

Description	2018	2017	Change	Percentage Change
Assets				
Current Assets	$ 213,673,936	$ 172,818,600	$ 40,855,336	23.64%
Capital Assets	369,042,867	341,817,285	27,225,582	7.96%
Total Assets	**$ 582,716,803**	**$ 514,635,885**	**$ 68,080,918**	**13.23%**
Total Deferred Outflows of Resources	**$ 90,500,858**	**$ 56,581,693**	**$ 33,919,165**	**37.48%**
Liabilities				
Current Liabilities	$ 24,763,619	$ 25,112,349	$ (348,730)	-1.39%
Long-term Liabilities	644,375,003	568,786,498	75,588,505	13.29%
Total Liabilities	**$ 669,138,622**	**$ 593,898,847**	**$ 75,239,775**	**12.67%**
Total Deferred Inflows of Resources	**$ 18,502,384**	**$ 27,005,062**	**$ (8,502,678)**	**-45.95%**
Net Position				
Net Investment in Capital Assets	$ 178,269,689	$ 147,717,872	$ 30,551,817	20.68%
Restricted	11,583,541	12,768,880	(1,185,339)	-9.28%
Unrestricted	(204,276,575)	(210,173,083)	5,896,508	2.81%
Total Net Position	**$ (14,423,345)**	**$ (49,686,331)**	**$ 35,262,986**	**70.97%**

During the year, deferred outflows of resources increased by 37%, deferred inflows of resources decreased by 46%, and long-term liabilities increased by 13% mostly because of changes in employee benefit plan obligations and actuarial assumptions related to GASB 68 and 75. Table 6 includes a summary of changes in long-term liabilities. General obligation bonds increased by $25.3M primarily due to a $40M issuance during the year, at premium of $1.3M, and accreted interest of $8.5M, net of debt service payments of $22.4M. The utilization of the bond proceeds for facilities improvements accounts for the increase to capital assets of 8%. Net pension obligations increased by $42,740,212 because the discount rates and other assumptions used in valuations changed. The net OPEB obligation increased by $8,396,870 due to a change in accounting policies required by GASB 75.

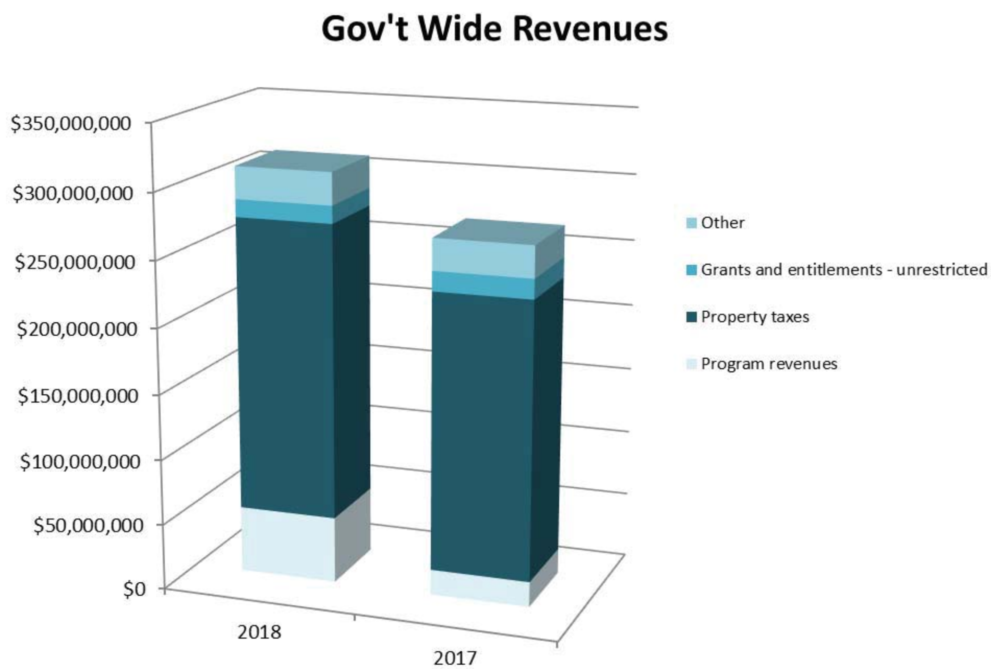
Table 2 shows the changes in net position for fiscal year 2018 as compared to 2017:

Table 2 - Summary of Changes in Statement of Activities

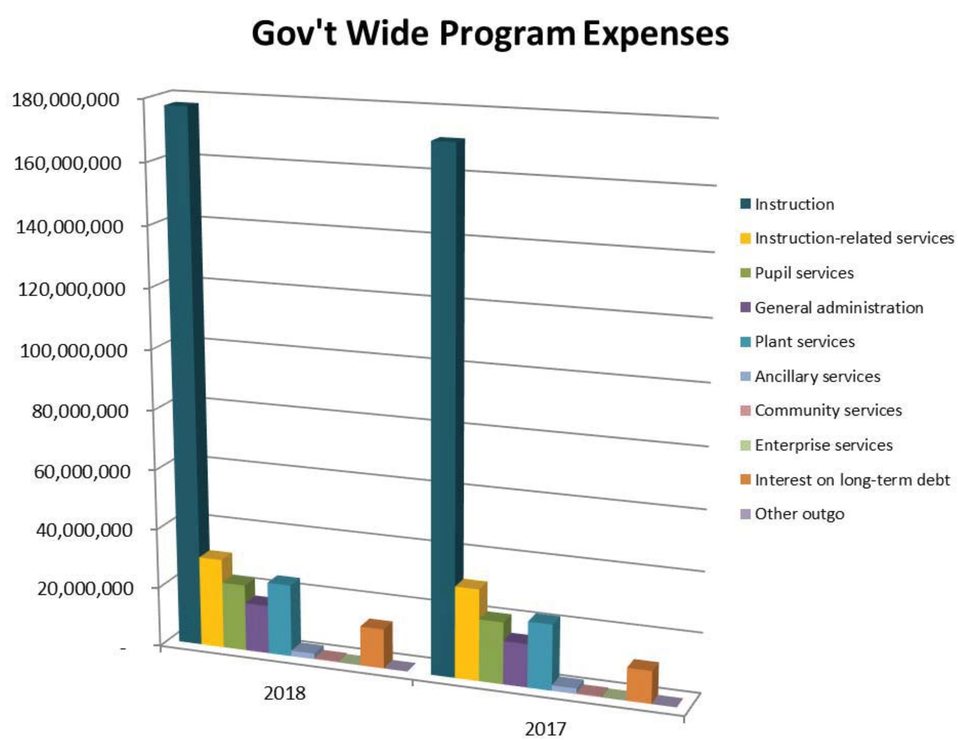
Description	2018	2017	Change	Percentage Change
Revenues				
Program revenues	$ 50,377,217	$ 19,210,616	$ 31,166,601	162.24%
General revenues:				
Property taxes	223,860,703	211,219,404	12,641,299	5.98%
Grants and entitlements - unrestricted	13,336,774	15,057,885	(1,721,111)	-11.43%
Other	24,484,091	24,047,686	436,405	1.81%
Total Revenues	312,058,785	269,535,591	42,523,194	15.78%
Program Expenses				
Instruction	177,313,287	170,867,036	6,446,251	3.77%
Instruction-related services	30,048,236	30,572,085	(523,849)	-1.71%
Pupil services	22,254,687	20,639,596	1,615,091	7.83%
General administration	16,216,992	14,445,550	1,771,442	12.26%
Plant services	24,170,315	21,939,214	2,231,101	10.17%
Ancillary services	1,884,265	1,842,514	41,751	2.27%
Community services	323,280	253,929	69,351	27.31%
Interest on long-term debt	13,208,806	10,844,742	2,364,064	21.80%
Other outgo	-	7,014	(7,014)	-100.00%
Total Expenses	285,419,868	271,411,680	14,008,188	5.16%
Change in Net Position	26,638,917	(1,876,089)	28,515,006	1519.92%
Begininng Net Position	(49,686,331)	(47,810,242)	(1,876,089)	-3.92%
Prior Period Adjustments	8,624,069	-	8,624,069	100.00%
Ending Net Position	**$ (14,423,345)**	**$ (49,686,331)**	**$ 35,262,986**	**70.97%**

The District's expenses for instructional services was 72.65% of total expenses in 2017-18 as compared to 74.22% in 2016-17. The purely administrative activities of the District accounted for 5.68% of total costs in 2017-18 as compared to 5.32% in 2016-17. Interest on long-term debt represented 4.63% of total expenses in 2017-18 as compared to 4.00% in 2016-17. Total expenses were 91.46% of revenue in 2017-18 versus 100.70% in 2016-17. Program revenues were 7.13% of total revenues in 2017-18 and 7.19% of total revenues in 2016-17. Program revenues increased by $31,166,601 mostly due to a local contribution of $21,684,422 for the Addison project.

The following is a summary of government wide revenues for the fiscal year ended June 30, 2018:



The following is a summary of expenses by function for the fiscal year ended June 30, 2018:



GOVERNMENTAL ACTIVITIES

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

Table 3 - Net Cost of Services

Description	2018	2017	Change	Percentage Change
Instruction	$ 134,240,263	$ 158,628,081	$ (24,387,818)	-15.4%
Instruction-related services	27,644,919	28,204,067	(559,148)	-2.0%
Pupil services	18,347,804	17,198,620	1,149,184	6.7%
General administration	15,993,676	14,151,124	1,842,552	13.0%
Plant services	23,513,099	21,229,133	2,283,966	10.8%
Ancillary services	1,777,320	1,690,062	87,258	5.2%
Community services	323,280	253,929	69,351	27.3%
Interest on long-term debt	13,208,806	10,844,742	2,364,064	21.8%
Other outgo	(6,516)	1,306	(7,822)	-598.9%
Total Net Cost of Services	**$ 235,042,651**	**$ 252,201,064**	**$ (17,158,413)**	**-6.80%**

The District received capital grants totaling $28.7M during 2017/18 that directly offset instruction costs creating a decrease in net cost of services for instruction of $24.4M.

The following summarizes the District's most significant functions:

- *Instruction* expenditures include activities directly dealing with the teaching of pupils.
- *Instruction-related Services* include the activities involved with assisting staff with the content and process of educating students.
- *Pupil Services* include guidance and counseling, psychological, health, speech and testing services, transporting students, as well as preparing, delivering, and serving meals to students.
- *General Administration* reflects expenditures associated with the administrative and financial supervision of the School District. Typical functions would include the Board of Trustees and Superintendent, Human Resources, Data Processing and Business Services.
- *Plant Services* involve keeping the school grounds and equipment in effective working condition.

THE DISTRICT'S FUNDS

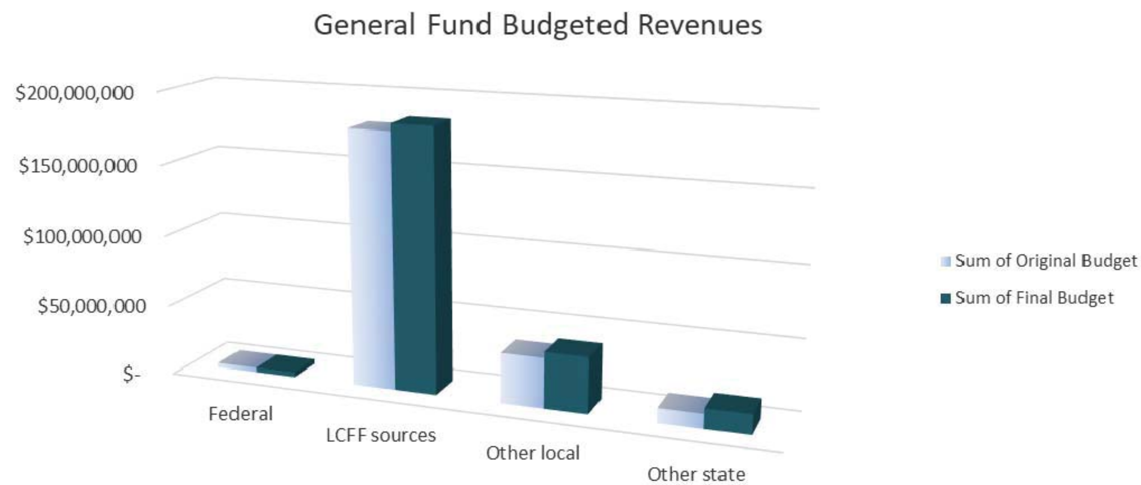
Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

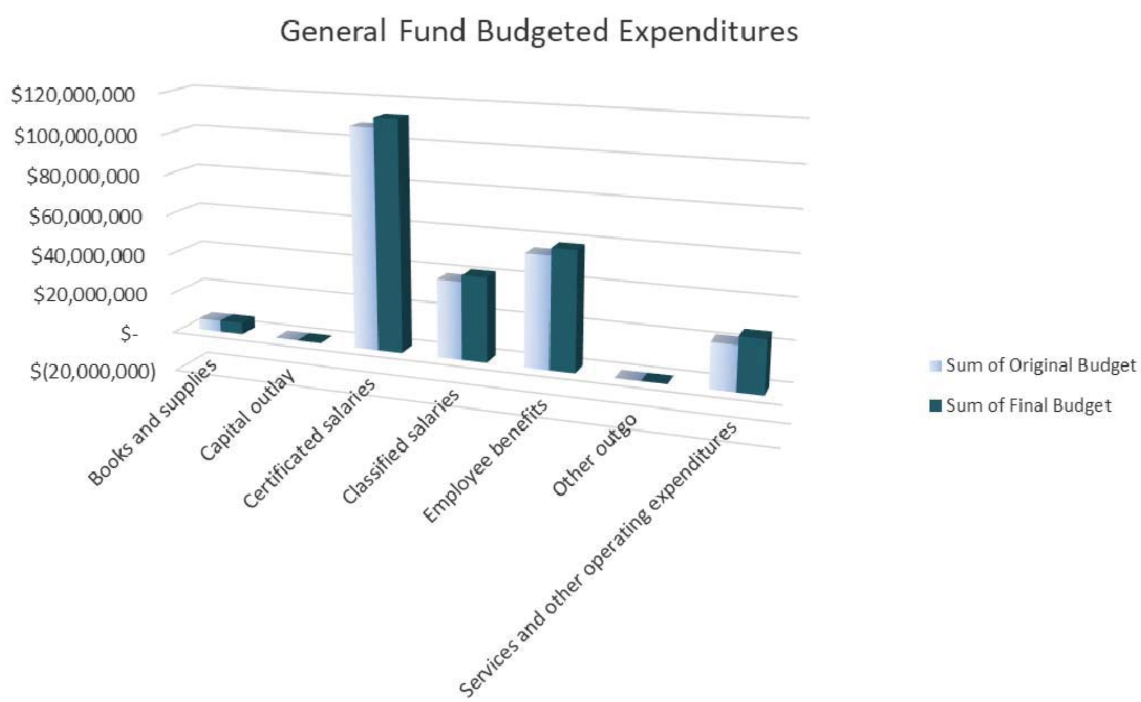
Table 4 - Summary of Fund Balances

Description	2018	2017	Change	Percentage Change
General Fund	$ 49,335,825	$ 53,303,754	$ (3,967,929)	-7.4%
Building Fund	94,076,101	55,136,110	38,939,991	70.6%
Bond Interest and Redemption Fund	38,329,532	32,734,711	5,594,821	17.1%
Adult Education Fund	2,077,410	1,963,179	114,231	5.8%
Child Development Fund	-	-	-	0.0%
Cafeteria Fund	216,956	176,015	40,941	23.3%
Deferred Maintenance Fund	735,354	861,320	(125,966)	-14.6%
Capital Facilities Fund	4,253,304	4,849,616	(596,312)	-12.3%
County School Facilities Fund	31,869	8,870	22,999	259.3%
Total Fund Balances	**$ 189,056,351**	**$ 149,033,575**	**$ 40,022,776**	**26.9%**

FINANCIAL ANALYSIS OF THE GENERAL FUND AND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting. During the course of the 2017-18 fiscal year, the District revised its General Fund budget twice, at 1st Interim and 2nd interim. The following charts summarize the changes from the District's original and final budgets.





CAPITAL ASSETS

Table 5 shows June 30, 2018 balances as compared to June 30, 2017.

Table 5 - Summary of Capital Assets Net of Depreciation

Description	2018	2017	Change	Percentage Change
Land	$ 10,470,525	$ 9,726,493	$ 744,032	7.65%
Work-in-Progress	31,514,414	10,365,279	21,149,135	204.04%
Land Improvements	30,586,960	30,855,785	(268,825)	-0.87%
Buildings and Improvements	293,798,485	287,835,592	5,962,893	2.07%
Furniture and Equipment	2,672,483	3,034,136	(361,653)	-11.92%
Total Capital Assets - Net	**$ 369,042,867**	**$ 341,817,285**	**$ 27,225,582**	**7.96%**

LONG TERM DEBT

Table 6 summarizes the percent changes in Long-term Debt over the past two years.

Table 6 - Summary of Long-term Liabilities

Description	2018	2017	Change	Percentage Change
General Obligation Bonds	$ 367,611,719	$ 342,315,195	$ 25,296,524	7.39%
Net Pension Liabilities	253,197,390	210,457,178	42,740,212	20.31%
Net OPEB Liability	23,637,849	15,240,979	8,396,870	55.09%
Compensated Absences	769,048	773,146	(4,098)	-0.53%
Total Long-term Liabilities	**$ 645,216,006**	**$ 568,786,498**	**$ 76,429,508**	**13.44%**

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District's primary funding source is from property taxes. As such, the District relies on the increase in assessed value of our geographical areas. Although the District has experienced healthy property taxes growth in the past six years, we need to be cautious as both the Governor and the Department of Finance continue to remind educational entities that an economic downturn is inevitable and would negatively affect school funding.

The pension systems, CalPERS and CalSTRS have lowered the rate of return on its investment portfolios. By lowering the rate of return, higher employer contribution rates are required of the District.

The employer CalSTRS rate continues to increase by 1.85% per year in 2017-18 through 2019-20, 1.0% 2020-21 and 2021-22, and no change in 2022-23 until 2022-23.

The employer CalPERS rate for 2017-18 is 15.53% and is projected to rise steadily. Projected rates are as follows: 18.1% in 18-19, 20.8% in 19-20, 23.5% in 20-21, 24.6% in 21-22, and 25.3% in 22-23.

Future predictions and uncertainties require management to plan carefully and prudently to provide the necessary resources to meet student's needs and continue to keep pace with inflation increases over the next several years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 any questions about this report or need additional financial information, please contact the Chief Business Officer, Business Services, at Palo Alto Unified School District, 25 Churchill Avenue, Palo Alto, California, 94306.

Basic Financial Statements

Palo Alto Unified School District
Statement of Net Position
June 30, 2018

		Governmental Activities
Assets		
Current assets:		
Cash and investments	$	207,716,911
Accounts receivable		5,680,697
Prepaid expenditures		82,090
Stores inventories		194,238
Total current assets		213,673,936
Noncurrent assets:		
Non-depreciable capital assets		41,984,939
Capital assets, net of depreciation		327,057,928
Total noncurrent assets		369,042,867
Total Assets	$	582,716,803
Deferred Outflows of Resources		
Deferred loss on early retirement of long-term debt	$	3,083,934
OPEB adjustments		295,749
Pension adjustments		87,121,175
Total Deferred Outflows of Resources	$	90,500,858
Liabilities		
Current liabilities:		
Accounts payable	$	9,806,219
Unearned revenue		8,244,400
Accrued interest		2,416,000
Claim liabilities		4,297,000
Total current liabilities		24,763,619
Long-term liabilities:		
Due within one year		
General obligation bonds		29,259,344
Total due within one year		29,259,344
Due after one year		
General obligation bonds		338,352,375
Annual net OPEB obligation		22,796,846
Net Pension Liability		253,197,390
Compensated absences (vacation)		769,048
Total due after one year		615,115,659
Total long-term liabilities		644,375,003
Total Liabilities	$	669,138,622
Deferred Inflows of Resources		
OPEB adjustments	$	1,136,752
Pension adjustments		17,365,632
Total Deferred Inflows of Resources	$	18,502,384
Net Position		
Net investment in capital assets	$	178,269,689
Restricted for:		
Educational programs		4,850,938
Cafeteria programs		177,466
Capital projects		4,285,173
Self-insurance		2,269,964
Unrestricted		(204,276,575)
Total Net Position	$	(14,423,345)

The notes to the financial statements are an integral part of this statement.

Palo Alto Unified School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:					
Instruction	$ 177,313,287	$ -	$ 14,380,246	$ 28,692,778	$ (134,240,263)
Instruction-related services:					
Supervision of instruction	9,133,915	-	419,178	-	(8,714,737)
Instruction library, media and technology	2,587,831	-	66,491	-	(2,521,340)
School site administration	18,326,490	-	1,917,648	-	(16,408,842)
Pupil services:					
Home-to-school transportation	3,191,531	-	11	-	(3,191,520)
Food services	3,450,080	2,334,014	625,478	-	(490,588)
All other pupil services	15,613,076	-	947,380	-	(14,665,696)
General administration:					
Data processing	5,051,173	-	-	-	(5,051,173)
All other general administration	11,165,819	-	223,316	-	(10,942,503)
Plant services	24,170,315	-	657,216	-	(23,513,099)
Ancillary services	1,884,265	-	106,945	-	(1,777,320)
Community services	323,280	-	-		(323,280)
Interest on long-term debt	13,208,806	-	-	-	(13,208,806)
Other outgo	-	-	6,516		6,516
Total governmental activities	$ 285,419,868	$ 2,334,014	$ 19,350,425	$ 28,692,778	(235,042,651)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					176,411,755
Taxes levied for debt service					32,391,118
Taxes levied for other specific purposes					15,057,830
Federal and state aid not restricted to specific purposes					13,336,774
Interest and investment earnings					1,848,671
Lease income					10,161,250
Miscellaneous					12,474,170
Total general revenues and special items					261,681,568
Change in net position					26,638,917
Net position beginning					(49,686,331)
Prior period adjustments					8,624,069
Net position beginning as adjusted					(41,062,262)
Net position ending					$ (14,423,345)

The notes to the financial statements are an integral part of this statement.

Palo Alto Unified School District
Governmental Funds
Balance Sheet
June 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 55,750,042	$ 99,254,064	$ 38,219,128	$ 8,118,667	$ 201,341,901
Accounts receivable	5,038,977	243,239	110,404	262,797	5,655,417
Due from other funds	1,662,714	25,000	-	181,081	1,868,795
Prepaid expenditures	72,050	-	-	10,040	82,090
Stores inventories	137,057	-	-	57,181	194,238
Total Assets	$ 62,660,840	$ 99,522,303	$ 38,329,532	$ 8,629,766	$ 209,142,441
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 5,151,498	$ 3,984,926	$ -	$ 660,817	$ 9,797,241
Due to other funds	381,734	1,458,968	-	203,747	2,044,449
Unearned revenue	7,791,783	2,308	-	450,309	8,244,400
Total Liabilities	13,325,015	5,446,202	-	1,314,873	20,086,090
Fund balances:					
Nonspendable:					
Revolving fund	30,000	-	-	-	30,000
Stores inventories	137,057	-	-	57,181	194,238
Prepaid expenditures	72,050	-	-	10,040	82,090
Loan receivable	-	-	-	-	-
Restricted for:					
Educational programs	4,850,938	-	-	-	4,850,938
Debt service	-	-	38,329,532	-	38,329,532
Cafeteria programs	-	-	-	177,466	177,466
Capital projects	-	94,076,101	-	4,285,173	98,361,274
Committed for:					
Educational programs	-	-	-	2,042,748	2,042,748
Site repairs	-	-	-	735,354	735,354
Cafeteria programs	-	-	-	6,931	6,931
Assigned for:					
Educational programs	18,128,083	-	-	-	18,128,083
Postemployment benefits	2,177,388	-	-	-	2,177,388
Unassigned:					
Economic uncertainties	23,891,468	-	-	-	23,891,468
Unappropriated	48,841	-	-	-	48,841
Total Fund Balances	49,335,825	94,076,101	38,329,532	7,314,893	189,056,351
Total Liabilities and Fund Balances	$ 62,660,840	$ 99,522,303	$ 38,329,532	$ 8,629,766	$ 209,142,441

The notes to the financial statements are an integral part of this statement.

Palo Alto Unified School District
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2018

Total fund balances - governmental funds		$ 189,056,351
Amounts reported 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.		
Capital assets at cost	$ 702,553,008	
Accumulated depreciation	(333,510,141)	369,042,867
Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the governmental funds.		(2,416,000)
Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		87,121,175
The differences from pension plan assumptions in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.		(17,365,632)
The differences between projected and actual amounts in OPEB plans are not included in the plans actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:		
OPEB adjustments:		
Contributions subsequent to the measurement date		295,749
Change in assumptions		(1,136,752)
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the Statement of Net Position.		2,269,966
The difference between the reacquisition price and net carrying value of long-term debt when a bond is refunded is recorded as a deferred loss on the early retirement of long-term debt and a deferred outflow in the government-wide Statement of Net Position and amortized over the remaining life of the refunded debt or refunding debt, whichever is shorter. This transaction is not a current financial resource and is not included in the governmental fund statements.		3,083,934
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds	$ 367,611,719	
Net OPEB liability	22,796,846	
Net pension liability	253,197,390	
Compensated absences (vacation)	769,048	(644,375,003)
Total net position - governmental activities		$ (14,423,345)

The notes to the financial statements are an integral part of this statement.

Palo Alto Unified School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF sources	$ 184,425,781	$ -	$ -	$ -	$ 184,425,781
Federal revenue	3,355,251	-	1,244,759	737,398	5,337,408
Other state	15,803,915	1,467	72,934	9,214,641	25,092,957
Other local	37,334,091	22,959,418	32,577,921	4,331,211	97,202,641
Total revenues	240,919,038	22,960,885	33,895,614	14,283,250	312,058,787
Expenditures:					
Current					
Instruction	161,174,593	-	-	1,836,282	163,010,875
Instruction-related services:					
Supervision of instruction	8,263,439	-	-	22,590	8,286,029
Instruction library, media and technology	2,307,399	-	-	-	2,307,399
School site administration	15,751,886	-	-	1,107,139	16,859,025
Pupil services:					
Home-to-school transportation	2,944,597	-	-	-	2,944,597
Food services	258,921	-	-	2,919,898	3,178,819
All other pupil services	14,372,949	-	-	-	14,372,949
General administration:					
Data processing	4,599,314	-	-	-	4,599,314
All other general administration	10,292,235	-	-	104,516	10,396,751
Plant services	22,154,567	-	-	105,323	22,259,890
Facilities acquisition and construction	96,968	30,834,750	-	2,290,879	33,222,597
Ancillary services	1,790,768	-	-	-	1,790,768
Community services	311,705	-	-	-	311,705
Debt service:					
Principal	-	-	22,412,864	-	22,412,864
Interest and fees	-	194,500	7,188,357	-	7,382,857
Total expenditures	244,319,341	31,029,250	29,601,221	8,386,627	313,336,439
Excess (deficiency) of revenues over (under) expenditures	(3,400,303)	(8,068,365)	4,294,393	5,896,623	(1,277,652)
Other financing sources (uses):					
Transfers in	32,374	7,008,356	-	600,000	7,640,730
Transfers out	(600,000)	-	-	(7,040,730)	(7,640,730)
Proceeds from bond issuance	-	40,000,000	-	-	40,000,000
Premium from bond issuance	-	-	1,300,428	-	1,300,428
Total other financing sources (uses)	(567,626)	47,008,356	1,300,428	(6,440,730)	41,300,428
Net changes in fund balances	(3,967,929)	38,939,991	5,594,821	(544,107)	40,022,776
Fund balances beginning	53,303,754	55,136,110	32,734,711	7,859,000	149,033,575
Fund balances ending	$ 49,335,825	$ 94,076,101	$ 38,329,532	$ 7,314,893	$ 189,056,351

The notes to the financial statements are an integral part of this statement.

Palo Alto Unified School District
Reconciliation of the Governmental Funds Statement of
Revenues and Expenditures and Changes in Fund Balances
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds		$ 40,022,776
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Current year capital additions	$ 27,160,586	
Depreciation expense	(15,447,912)	11,712,674
An internal service fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The net revenue of the internal service fund is reported with governmental activities.		84,288
The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The net effect of these differences in the treatment of long-term debt and related items is as follows:		
Repayment of bond principal	22,412,864	
Proceeds from issuance of bond	(40,000,000)	
Bond premiums	(1,300,428)	(18,887,564)
Discounts and premiums related to bond issues is recorded as other financing sources and uses in the fund financial statements, but is recorded as assets or liabilities and amortized over the life of the bond in the Statement of Net Position:		
Amortization of deferred loss	$ (513,989)	
Amortization of premiums	312,572	(201,417)
In the Statement of Activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation used exceeded the amounts earned.		4,098
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		1,036,673
In the Statement of Activities, the net postemployment benefit obligation is the amount by which the contributions toward the OPEB plan were less than the annual required contribution as actuarially determined. The net postemployment benefit obligation is not recorded in the governmental fund statements. The change in the net OPEB obligation was recorded in the Statement of Activities in the amount of:		(1,508,079)
Accreted interest on capital appreciation bonds is not recorded in the governmental funds but is required to be recorded under the accrual basis of accounting in the government wide financial statements.		(6,721,532)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized 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.		1,097,000
Changes in net position of governmental activities		$ 26,638,917

The notes to the financial statements are an integral part of this statement.

Palo Alto Unified School District
Statement of Net Position
Proprietary Fund
June 30, 2018

	Governmental Activities - Internal Service Fund
	Self-Insurance
Assets	
Current assets:	
Cash and investments	$ 6,375,010
Accounts receivable	25,280
Due from other funds	175,652
Total current assets	$ 6,575,942
Liabilities	
Current liabilities:	
Accounts payable	$ 8,978
Non-current liabilities:	
Workers' Compensation Claims liabilities	4,297,000
Total Liabilities	$ 4,305,978
Net Position	
Restricted for insurance programs	$ 2,269,964
Total Net Position	$ 2,269,964

The notes to the financial statements are an integral part of this statement.

Palo Alto Unified School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund
	Self-Insurance
Operating Revenues	
In-district premiums	$ 2,185,082
Operating Expenses	
Payroll costs	30,173
Supplies and materials	23,517
Claims expense	2,128,661
Total operating expenses	2,182,351
Operating income (loss)	2,731
Nonoperating Revenues (Expenses)	
Interest income	81,557
Net changes in net position	84,288
Total net position - beginning	2,185,676
Total net position - ending	$ 2,269,964

Palo Alto Unified School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Governmental Activities - Internal Service Fund
	Self-Insurance
Cash Flows from Operating Activities	
Receipts from user charges	$ 1,998,682
Payments to employees	(30,432)
Payments for insurance claims	(2,128,661)
Payments to vendors	(18,544)
Net cash provided by (used for) operating activities	(178,955)
Cash Flows from Investing Activities	
Interest income	81,557
Net cash provided by (used for) investing activities	81,557
Increase (decrease) in Cash and Cash Equivalents	(97,398)
Cash and Cash Equivalents - Beginning	6,472,408
Cash and Cash Equivalents - Ending	$ 6,375,010
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	$ 2,731
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Decrease (increase) in operating assets	
Accounts receivable	(10,748)
Due from other funds	(175,652)
Increase (decrease) in operating liabilities	
Accounts payable	4,973
Due to other funds	(259)
Net cash provided by (used for) operating activities	$ (178,955)

Palo Alto Unified School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2018

	Agency Funds
Assets	
Cash and investments	$ 1,534,845
Total Assets	$ 1,534,845
Liabilities	
Due to student groups	$ 530,300
Scholarships	1,004,545
Total Liabilities	$ 1,534,845

The notes to the financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

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

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Education. The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements using the criteria established by GASB. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. Eliminations have been made to minimize the effect of interfund of activities. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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

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

Fund Financial Statements:

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

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

Proprietary fund operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues result from non-exchange transactions or ancillary activities.

Fiduciary funds are reported using the economic resources measurement focus. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District

D. <u>Basis of Accounting</u>

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary and proprietary funds use 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 under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 45 to 60 days after year-end. 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, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Outflows/Deferred Inflows:

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

When applicable, unamortized portions of the gain and loss on refunding debt are reported as deferred inflows and deferred outflows of resources, respectively. Deferred outflows and inflows of resources are reported for the changes related to pensions from the implementation of GASB Statement No. 68.

In addition, when an asset is recorded in governmental fund financial statements but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as unearned revenue. Security deposits for leased facilities are recorded as unearned in the government-wide statements and in the fund statements.

Expenses/Expenditures:

Using the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, than unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District’s accounts are organized into governmental (major and nonmajor), proprietary and fiduciary funds.

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 nonmajor governmental funds:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Two funds currently defined as special revenue funds in the California School Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Revenue Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

The *Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds and may not be used for any purposes other than those for which the bonds were issued.

The *Bond Interest and Redemption Fund* is used to account for taxes received and expended on interest and the redemption of principal of general obligation bonds.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund.

The District maintains four nonmajor special revenue funds.

- The *Adult Education Fund* is used to account separately for federal, State, and local revenues for adult education programs and is to be expended for adult education purposes only.

- 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.

- The *Cafeteria Fund* is used to account separately for federal, state and local resources to operate the food service program and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program.

- The *Deferred Maintenance Fund* is used to account for state apportionments and the District's contributions for deferred maintenance purposes and for items of maintenance approved by the State Allocation Board.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains two nonmajor capital projects fund.

- The *Capital Facilities Fund* is used to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development. Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer.

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

Proprietary Funds

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis.

- The *Self Insurance Fund* accounts for benefit premiums, such as retirement health, dental and vision.

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 four classifications: pension trust funds, investment trust funds, private-purpose 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.

Agency Funds are used to account for assets of others for which the District acts as an agent. The District's agency fund accounts are for student body activities (ASB) and scholarship activities. 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 student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body.

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund and major special revenue funds are presented as Required Supplementary Information.

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

G. Encumbrances

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

H. 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 District's California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (STRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and STRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

I. Other 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 District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

J. Assets, Liabilities, and Equity

a) Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows. Investments held at the balance sheet date with original maturities greater than one year are stated at fair value.

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation. In accordance with *Education Code* Section 41001, the district maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

The following is a summary of the District's authorized investments:

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

b) Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

c) Inventories and Prepaid Expenditures

Inventories

Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds and expenses in the proprietary type funds when used. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets. Inventories consist of expendable food and supplies held for consumption.

Prepaid expenditures

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

d) Capital Assets

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset’s lives are not capitalized, but are expensed as incurred.

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Assets	Years
Buildings	20-50
Improvements	5-50
Equipment	2-15

e) Compensated Absences

Accumulated unpaid vacation benefits 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. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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 and certificated school members who retire after January 1, 1999. At retirement, each classified member will receive .004 year of service credit for each day of unused sick leave, and each certificated member will receive .0054 year of service credit for each day of unused sick leave.

f) Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs, when applicable, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources or uses.

g) Fund Balance Classifications

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District' minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, of 3 percent of general fund operating expenditures and other financing uses.

In accordance with Government Accounting Standards Board 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are established, modified, or rescinded only through resolutions or other action as approved by the District's board of education.

- Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Under the District's adopted policy, only the governing board or chief business officer may assign amounts for specific purposes.

- Unassigned includes positive fund balance within the general fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

h) Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net 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. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Educational Program restrictions reflect the amounts to be expended on specific school programs funded by federal and state resources and from locally funded programs with stipulated uses.

Debt service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Cafeteria program restrictions reflect the amounts in the cafeteria fund to be expended for food services and child nutrition programs.

Capital projects restrictions will be used for the acquisition and construction of capital facilities.

Unrestricted net position reflect amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

h) Operating Revenue and Expenses (Proprietary Funds)

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating revenues are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

i) Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

Until full implementation, local educational agencies (LEAs) will receive roughly the same amount of funding they received in 2012–13 plus an additional amount each year to bridge the gap between current funding levels and LCFF target levels. The budget projects the time frame for full implementation of the LCFF to be eight years.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

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

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

The California Department of Education reduces the District's entitlement by the District local property tax revenue. The balance is paid from the state General Fund and is known as the State Apportionment.

The District's Base Local Control Funding Formula Revenue is the amount of general-purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

j) Risk Management

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. There were no significant reductions in insurance coverage from coverage in the prior year and no insurance settlement exceeding insurance coverage. See Note 12 for further disclosure.

k) Interfund Balances and Activity

In the 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 and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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

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

l) Accounting Estimates

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

m) Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

K. Implemented New Accounting Pronouncements

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The provisions in Statement 75 are effective for the fiscal year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of 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 scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity. In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

As of June 30, 2018, according to GASB 75, the District's net OPEB liability must be recognized. Therefore, the previous net OPEB liability as of June 30, 2017 in the amount of $6,888,791 has been shown as a restatement of net position in the Statement of Activities as a separate line item.

GASB Statement No. 86, Certain Debt Extinguishment Issues

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged. This statement did not have an impact on the District's financial statements.

L. Upcoming Accounting and Reporting Changes

GASB Statement No. 83, *Certain Asset Retirement Obligations*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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 financial statements for periods beginning after December 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

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 fiscal year ending June 30, 2021. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

This Statement addresses additional information to be disclosed in the notes to the financial statements regarding debt, 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. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of the Construction Period

This Statement addresses interest costs 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. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 87, *Leases* - The primary objective of this Statement is to increase the usefulness of governments' financial statement 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 financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District is currently evaluating the impact on the financial statements and ensuring the required data will be available for disclosure.

2. CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2018 is as follows:

Description	Carrying Amount	Fair Value	Investment Rating
Governmental Activities:			
Cash on hand	$ 6,869,904	$ 6,869,904	Not Rated
Cash in revolving fund	30,000	30,000	Not Rated
Cash in county treasury investment pool	200,715,535	199,103,326	Aa1
Total Cash Deposits	207,615,439	206,003,230	
Investments:			
California Local Agency Investment Fund	11,472	11,451	N/A
Total Governmental Cash and Investments	207,626,911	206,014,680	
Proprietary Funds:			
Cash with fiscal agent	90,000	90,000	Not Rated
Total Proprietary Cash and Investments	90,000	90,000	
Total Government-Wide Cash and Investments	$ 207,716,911	$ 206,104,680	
Fiduciary Funds:			
Cash in banks	$ 530,300	$ 530,300	Not Rated
Certificates of deposit	1,004,545	1,004,545	Not Rated
Total Fiduciary Cash and Investments	$ 1,534,845	$ 1,534,845	

Cash in Banks and in Revolving Funds

Cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2018, the bank balance of the District's accounts with banks was $1,570,113, which exceeded FDIC limits by $1,070,113.

Cash in County Treasury Investment Pool

The District is considered to be an involuntary participant in an external investment pool as the District is required to maintain substantially all of its cash with the County Treasurer in accordance with 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.

Investment in the State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the amortized cost which approximates fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The Entity has the following recurring fair value measurements as of June 30, 2018:

- Investments in the Santa Clara County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.
- The California Local Agency Investment Fund (LAIF) of $11,451 was valued using Level 2 inputs

Policies and Practices

The District is authorized under California Government Code Section 53635 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.

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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the County of Santa Clara Investment Pool. The pool has a fair value of approximately $7.5 billion and an amortized book value of $7.6 billion. The weighted average maturity for this pool as of June 30, 2018 is 479 days and holds no derivative products.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the County of Santa Clara Investment Pool is governed by the County's general investment policy. The investment with the County of Santa Clara Investment Pool is rated at least Aa1 by Moody's Investor Service.

Custodial Credit Risk - Deposits

Custodial credit risk 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 agencies. 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.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

3. ACCOUNTS RECEIVABLE

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

Receivables	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Funds	Total Governmental Funds	Proprietary Fund
Federal Government	$ 1,342,121	$ -	$ -	$ 161,898	$ 1,504,019	$ -
State Government	794,505	-	-	55,638	850,143	-
Local Government	52,489	-	-	-	52,489	-
Unrestricted	2,849,862	243,239	110,404	45,261	3,248,766	25,280
Total Accounts Receivable	$ 5,038,977	$ 243,239	$ 110,404	$ 262,797	$ 5,655,417	$ 25,280

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2018 were as follows:

Capital Assets	Balance July 01, 2017	Additions	Deletions	Balance June 30, 2018
Land - not depreciable	$ 9,726,493	$ 744,032	$ -	$ 10,470,525
Work-in-progress - not depreciable	10,365,279	23,648,636	(2,499,501)	31,514,414
Land Improvements	45,890,794	2,034,611	-	47,925,405
Buildings and Improvements	583,743,477	18,461,764	-	602,205,241
Furniture and Equipment	9,974,753	283,953	(114,689)	10,144,017
Library Collections	293,406	-	-	293,406
Total capital assets	659,994,202	45,172,996	(2,614,190)	702,553,008
Less accumulated depreciation for:				
Land Improvements	15,035,009	2,303,436	-	17,338,445
Buildings and Improvements	295,907,885	12,498,871	-	308,406,756
Furniture and Equipment	6,940,617	645,606	(114,689)	7,471,534
Library Collections	293,406	-	-	293,406
Total accumulated depreciation	318,176,917	15,447,913	(114,689)	333,510,141
Total capital assets - net depreciation	$ 341,817,285	$ 29,725,083	$ (2,499,501)	$ 369,042,867

During the year, the District increased buildings and improvements by $15,212,909 to account for work-in-progress that had been completed as of July 1, 2017. After the decrease to net position of $6,888,791 from the implementation of GASB 75, the net increase to net position was $8,624,069.

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 10,071,168
Supervision of instruction	632,599
Instruction library, media and technology	220,482
School site administration	1,029,435
Home-to-school transportation	170,428
Food services	188,669
All other pupil services	866,690
Data processing services	332,360
All other general administration	498,940
Plant services	1,332,069
Ancillary services	93,497
Community services	11,575
Total depreciation expense	$ 15,447,912

5. RELATED PARTY RECEIVABLE

On September 15, 2015, the District granted a secured note receivable to its Superintendent, as part of his employment agreement with the District, in the amount of $1,458,888 bearing no interest for the purpose of securing a principal residence in the Palo Alto area. The Note was due and payable in full upon the occurrence of the following events, whichever occurs first: 1) cessation of employment, or 2) sale of the property. On October 31, 2017, after the Superintendent's termination of employment with the District, the property was sold to the District to pay off the Note in full.

6. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables (Due From/To), as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements. Interfund receivables and payables *(Due From/Due To)* consisted of the following as of June 30, 2018:

Fund	Due From	Due To
General Fund	$ 1,662,714	$ 381,734
Building Fund	25,000	1,458,968
Nonmajor Funds	181,081	203,747
Internal Service Self-Insurance Fund	175,654	-
Totals	$ 2,044,449	$ 2,044,449

Interfund transfers consisted of the following for the fiscal year ended June 30, 2018:

Fund	Transfers In	Transfers Out
General Fund	$ 32,374	$ 600,000
Building Fund	7,008,356	-
Nonmajor Funds	600,000	7,040,730
Totals	$ 7,640,730	$ 7,640,730

7. ACCOUNTS PAYABLE

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

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmtental Funds	Proprietary Funds
Vendor payables	$ 2,725,129	$ 3,983,807	$ 643,660	$ 7,352,596	$ 8,978
Salaries and benefits	2,426,369	1,119	17,157	2,444,645	-
Total payables	$ 5,151,498	$ 3,984,926	$ 660,817	$ 9,797,241	$ 8,978

8. UNEARNED REVENUE

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

Resource	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Other federal financial assistance	$ 15,882	$ -	$ 337,604	$ 353,486
State assistance	962,636	-	-	962,636
Local assistance	1,063,265	2,308	112,705	1,178,278
Palo Alto Partners in Education	5,750,000	-	-	5,750,000
Total unearned revenue	$ 7,791,783	$ 2,308	$ 450,309	$ 8,244,400

9. LONG-TERM LIABILITIES

Schedule of Changes in Long-term Liabilities

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

Description	Balance July 01, 2017	Additions	Adjustments & Deletions	Balance June 30, 2018	Due Within One Year
General Obligation Bonds	$ 342,315,195	$ 49,754,096	$ 24,457,572	$ 367,611,719	$ 29,259,344
Net Pension Obligations	210,457,178	42,740,212	-	253,197,390	-
Net OPEB Liability	15,240,979	7,555,867	-	22,796,846	-
Compensated Absences	773,146	386,573	390,671	769,048	-
Total Long-term Liabilities	$ 568,786,498	$ 100,436,748	$ 24,848,243	$ 644,375,003	$ 29,259,344

Payments on the general obligation bonds were made from the Bond Interest and Redemption Fund using local revenues. Compensated absences, pension liabilities were paid by the fund for which the employee worked. The OPEB obligations were paid by the General Fund.

General Obligation Bonds Payable

The following summarizes the general obligation bonds outstanding as of June 30, 2018:

Bond	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2017	Issued	Adjustments & Redeemed	Bonds Outstanding June 30, 2018
2008 GOB, Series 2008	2034	2.5-3.0%	$119,999,249	$ 104,086,553	$ -	$ 3,142,864	$ 100,943,689
2008 GOB, Series 2010	2028	4.7-5.8%	25,000,000	25,000,000	-	-	25,000,000
2012 GORB	2025	0.4-2.9%	52,845,000	48,545,000	-	8,795,000	39,750,000
2008 GOB, Series 2013	2037	2.0-3.5%	70,000,000	51,240,000	-	1,700,000	49,540,000
2008 GOB, Series 2014	2024	2.0-3.25%	40,000,000	17,975,000	-	1,525,000	16,450,000
2008 GOB, Series 2016	2035	2.0-4.0%	45,000,000	34,000,000	-	7,250,000	26,750,000
2008 GOB, Series 2018	2039	2.5-5.0%	40,000,000	-	40,000,000	-	40,000,000
Subtotal General Obligation Bonds			392,844,249	280,846,553	40,000,000	22,412,864	298,433,689
Accreted Interest		5.0-5.5%		56,806,067	8,453,668	1,732,136	63,527,599
Bond Premiums			12,271,304	4,662,575	1,300,428	312,572	5,650,431
Total General Obligation Bonds				$ 342,315,195	$ 49,754,096	$ 24,457,572	$ 367,611,719

On August 27, 2008, the District issued 2008 General Obligation Bonds, Series 2008 which consisted of current interest and capital appreciation bonds with an initial par amount of $119,999,249 with stated interest rates of 2.50% to 5.50% and maturing through August 1, 2033. Interest is payable on August 1 and February 1 and principal is payable on August 1 each year through maturity.

On July 13, 2010, the District issued 2008 General Obligation Bonds, Series 2010 which were designated as qualified school construction bonds under Section 54F of the Internal Revenue Code of 1986. The District receives a federal subsidy which nearly subsidizes all the interest. The bonds were issued with an initial par amount of $25,000,000, with stated interest rates of 4.66% to 5.86% and maturing through July 1, 2027. Interest is payable on July 1 and January 1 and principal is payable on July 1 each year through maturity.

On July 17, 2012, the District issued 2012 General Obligation Refunding Bonds which consisted of current interest bonds with an initial par amount of $52,845,000 with stated interest rates of 0.44% to 2.92% and maturing through August 1, 2024. Interest is payable on August 1 and February 1 and principal is payable on August 1 each year through maturity.

On March 5, 2013, the District issued 2008 General Obligation Bonds, Series 2013 which consisted of current interest bonds with an initial par amount of $70,000,000 with stated interest rates of 2.00% to 3.50% and maturing through July 1, 2036. Interest is payable on July 1 and January 1 and principal is payable on July 1 each year through maturity.

On May 14, 2014, the District issued 2008 General Obligation Bonds, Series 2014 which consisted of current interest bonds with an initial par amount of $40,000,000 with stated interest rates of 2.00% to 3.25% and maturing through August 1, 2033. Interest is payable on August 1 and February 1 and principal is payable on August 1 each year through maturity.

On May 10, 2016, the District issued 2008 General Obligation Bonds, Series 2016 which consisted of current interest bonds with an initial par amount of $45,000,000, with stated interest rates of 2.00% to

4.00% and maturing through August 1, 2035. Interest is payable on August 1 and February 1 and principal is payable on August 1 each year through maturity.

On March 22, 2018, the District issued Series 2018 General Obligation Bonds, election 2008, which consisted of current interest bonds with an initial par amount of $40,000,000 with stated interest rates of 2.50% to 5% and maturing through August 1, 2038. Interest is payable on August 1 and February 1 and principal is payable on August 1 each year through maturity.

The annual debt service requirements of the District's general obligation bonds are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Total
2019	$ 29,259,344	$ 7,488,843	$ 36,748,187
2020	25,413,383	8,650,359	34,063,742
2021	22,622,790	8,127,383	30,750,173
2022	22,528,463	8,223,301	30,751,764
2023	11,266,041	12,701,485	23,967,526
2024-2028	65,386,916	71,239,536	136,626,452
2029-2033	59,796,240	86,157,548	145,953,788
2034-2038	58,160,512	21,719,647	79,880,159
2039-2043	4,000,000	135,000	4,135,000
Total Debt Service	$ 298,433,689	$ 224,443,102	$ 522,876,791

The annual tax credit subsidies to be received from the U.S. Treasury, for the Series 2010 qualified school construction bonds, outstanding as of June 30, 2018, are as follows:

For the Fiscal Year Ending June 30,	Total
2019	$ 1,247,424
2020	1,291,404
2021	1,312,438
2022	1,266,494
2023	1,206,888
2024-2028	3,690,037
Total Debt Service	$ 10,014,685

10. OPERATING LEASE REVENUE

The District entered into a lease and covenant not to sell or develop, for non-school district purposes, with the City of Palo Alto (the City) for six school sites and eleven extended day care sites. The agreement expired on December 31, 2005 with options to renew the agreement for ten years plus an additional two five-year periods. On December 15, 2003, the Palo Alto City Council voted to exercise its option to extend the lease and covenant not to develop between the City and the Palo Alto Unified School District for additional ten years. The agreement may be partially or completely terminated under certain conditions. Future rental payments are adjusted by Consumer Price Index (CPI) increases; however, a current year's annual payment shall not be decreased if the CPI decreases. Such a decrease shall be applied against subsequent annual Index increases in making the annual payment adjustment. There is a provision for an escalation adjustment every five years. Increases in excess of ten percent shall accrue and the aggregate percentage without regard to any limitations shall be used to determine the annual payment in the 5th, 10th, and 15th years to arrive at the payment for the next subsequent year of the lease.

Future minimum lease payments under these agreements are as follows:

Fiscal Year Ending June 30,	Lease Revenue
2019	$ 8,560,568
2020	8,904,935
2021	2,715,861
2022	2,797,337
2023	1,697,062
2024-2028	9,280,230
2029-2033	10,758,329
Total Minimum Lease Payments	$ 44,714,322

11. COMMITMENTS AND CONTINGENCIES

Litigation

The District may be exposed to various litigation arising from the normal course of business. Management believes, based on consultation with legal counsel, that the ultimate resolution of legal matters will not have a material adverse effect on the District's financial position or results of operations.

Federal and State Allowances, Awards, and Grants

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

Construction Commitments

The District had the following construction commitments on unfinished capital project as of June 30, 2018:

Project	Contract Awarded and Change Orders	Remaining Construction Commitment	Expected Date of Completion
Gunn Central building	$ 19,933,192	$ 6,841,876	3/1/2019
Paly Library	10,051,333	2,134,612	11/1/2018
Addison Mordenization	17,371,000	16,621,568	Pending
Clock/Bell/Speaker Replacment Paly	111,339	83,339	8/15/2018
Gunn Fire Alarm replacement	734,750	448,545	9/1/2018
Total Construction Commitments	$ 48,201,614	$ 26,129,940	

12. RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts, theft, damage, destruction of asset's, errors and omissions, and injuries to employees and natural disasters. During fiscal year ending June 30, 2018, the District contracted with Northern California Relief for property and liability insurance coverage for liabilities exceeding $50,000 with a limit $1,000,000 per occurrence. 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 is a participant in the Schools Alliance for Workers' Compensation Excess Self-Funded insurance purchasing pool (the Insurance Pool). The intent of the Insurance Pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Insurance Pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Insurance Pool. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of each participating school district. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Insurance Pool. Participation in the Insurance Pool is limited to districts that can meet the Insurance Pool's selection criteria.

Employee Medical Benefits

The District has purchased health insurance for its employees with rates that are set through an annual calculation process by the health plan providers. The District pays the health plan provider a monthly premium.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims including future claim adjustment expenses and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The self-insurance fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The following represent the changes in approximate aggregate liabilities for the District from July 1, 2016 to June 30, 2018:

	Workers' Compensation
Liability Balance, June 30, 2016	$ 4,797,000
Claims and changes in estimates	1,253,913
Adjustments	(1,172,193)
Claims payments	(581,720)
Liability Balance, June 30, 2017	4,297,000
Claims and changes in estimates	236,684
Claims payments	(236,684)
Liability Balance, June 30, 2018	$ 4,297,000
Assets available to pay claims at June 30, 2018	$ 6,375,010

13. EMPLOYEE RETIREMENT SYSTEMS

A. California Public Employees Retirement System (CalPERS/PERS) Pension Plan

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2.00%
Required employee contribution rates	7.0%	6.0%
Required employer contribution rates	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. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. 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. For the year ended June 30, 2018, the District contributed $5,924,496 to the CalPERS plan.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

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

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	$ 66,389,810

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

	CalPERS
Proportion - June 30, 2017	0.27660%
Proportion - June 30, 2018	0.27810%
Change - Increase/(Decrease)	0.00150%

For the year ended June 30, 2018, the District recognized pension expense of $12,414,456 for the Plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 9,697,276	$ 781,658
Differences between Expected and Actual Experience	2,378,473	-
Differences between Projected and Actual Investment Earnings	2,296,633	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	68,351
Change in Employer's Proportion	767,968	-
Pension Contributions Made Subsequent to Measurement Date	5,924,496	-
Total	$ 21,064,846	$ 850,009

The District reported $5,924,496 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Outflows/(Inflows) of Resources CalPERS
2019	$ 4,114,282
2020	6,811,902
2021	4,621,794
2022	(1,257,636)
2023	-
Thereafter	-
Total	$ 14,290,342

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Varies by age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		CalPERS
1% Decrease		6.15%
Net Pension Liability	$	97,680,685
Current		7.15%
Net Pension Liability	$	66,389,810
1% Increase		8.15%
Net Pension Liability	$	40,431,409

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

B. California State Teachers' Retirement System (STRS) Pension Plan

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, 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.

Benefits Provided - STRS 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 credited service, equal to one year of full-time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law. The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a % of eligible compensation	2.000%	2.000%
Required employee contribution rates	10.250%	9.205%
Required employer contribution rates	14.430%	14.430%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2018, the District contributed $16,077,393 to the Plan. The following summarizes the District's contributions and the state on-behalf contributions during the year.

	CalSTRS
Employer Contributions	$ 16,077,393
State Contributions	9,004,210
Total	$ 25,081,603

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS

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

	Proportionate Share of Net Pension Liability/(Asset)
District	$ 186,807,580
State	69,436,377
Total	$ 256,243,957

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 8.828 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2046-2047.

The District's proportionate share of the net pension liability for the Plan as of measurement dates, June 30, 2016 and 2017 was as follows:

	CalSTRS
Proportion - June 30, 2017	0.20800%
Proportion - June 30, 2018	0.20200%
Change - Increase/(Decrease)	-0.00600%

For the year ended June 30, 2018, the District recognized pension expense of $9,206,930 for the Plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 34,608,660	$ -
Differences between Expected and Actual Experience	690,840	3,258,260
Differences between Projected and Actual Investment Earnings	-	4,975,260
Differences between Employer's Contributions and Proportionate Share of Contributions	5,701,249	421,349
Change in Employer's Proportion	8,978,186	7,860,754
Pension Contributions Made Subsequent to Measurement Date	16,077,393	-
Total	$ 66,056,328	$ 16,515,623

The District reported $16,077,393 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Outflows/(Inflows) of Resources CalSTRS
2019	$ 2,032,879
2020	9,299,829
2021	6,621,309
2022	1,748,059
2023	7,583,849
Thereafter	6,177,387
Total	$ 33,463,312

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.50% (2)
Mortality	(3)

(1) Varies by age and service. Approximately 6% average over career including inflation

(2) Net of pension plan investment expenses and administrative expenses, including inflation

(3) Derived using CalSTRS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.1 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the plan'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 the total pension liability.

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

Asset Class	New Strategic Allocation	Long-Term Expected Rate of Return [(1)]
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Absolute Return / Risk Mitigating Strategies	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash / Liquidity	2.00%	-1.00%
Total	100.00%	

[(1)] 20 year average

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalSTRS
1% Decrease	6.10%
Net Pension Liability	$ 274,295,800
Current	7.10%
Net Pension Liability	$ 186,807,580
1% Increase	8.10%
Net Pension Liability	$ 115,808,620

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued STRS financial reports.

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description.

The Postemployment Benefit Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District.

Benefits

The District pays 100% of the monthly medical premium for retired employees who choose employee-only coverage. Retirees who choose two-party or family coverage must pay the same dollar amount of the premium as active employees do. The District also pays 100% of the monthly premium for dental, vision and life insurance coverage. All premium amounts change each January 1st. The District pays benefits for a maximum of 5 years, or until the retiree reaches age 65, whichever comes first. No benefits are paid to surviving spouses or other dependents after the retiree's death. After the benefit period expires, retirees are permitted to continue coverage, but the retiree must pay 100% of all premiums.

The unfunded portion of annual required contributions (net OPEB obligation) is presented in the statement of net position as a portion of long-term obligations.

Contributions

The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were $295,749. Total benefit payments included in the measurement period were $346,882. The actuarially determined contribution for the measurement period was $848,754. The District's contributions were .19% of payroll for the fiscal year ended June 30, 2018. Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan. At June 30, 2018, the District's General Fund held total assigned assets in the amount of $2,257,388 consisting of $2,247,903 on deposit with the county treasurer, and $9,485 in receivables.

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Assumptions and Methods	
Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry-Age Level Percent of Pay
Amortization Period:	20 years
Asset Valuation Method:	20 years
Actuarial Assumptions:	
Discount Rate	3.56%
Inflation	2.75%
Salary Increases	3.25%
Healthcare Trend Rate	6.5% down to 4.5% in 2022
Mortality	Mortality rates were taken from the 2014 CalPERS OPEB Assumptions Model (for classified employees) and the 2016 STRS valuation (for certificated employees).

Discount Rate

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

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2017 (measurement date) and was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2018 (reporting date).

Changes in the Total OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2018, for the measurement date of June 30, 2017:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances at 6-30-2017	$ 22,476,652	$ -	$ 22,476,652
Changes for the year			
Service cost	1,255,915	-	1,255,915
Interest	651,254	-	651,254
Differences between expected and actual experience	-	-	-
Assumption changes	(1,240,093)	-	(1,240,093)
Benefit changes	-	-	-
Contributions - employer	-	346,882	(346,882)
Net investment income	-	-	-
Benefit payments	(346,882)	(346,882)	-
Administrative expense	-	-	-
Net changes	320,194	-	320,194
Balances at 6-30-2018	$ 22,796,846	$ -	$ 22,796,846

The District's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	1,136,752
OPEB contribution subsequent to measurement date	295,749	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	$ 295,749	$ 1,136,752

Of the total amount reported as deferred outflows of resources related to OPEB, $295,749 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2019.

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

Year ended June 30:		
2019	$	(103,341)
2020		(103,341)
2021		(103,341)
2022		(103,341)
2023		(103,341)
Thereafter		(620,047)
Total	$	(1,136,752)

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2018, for the measurement date of June 30, 2017:

Service cost	$	1,255,915
Interest		651,254
Expected investment return		-
Administrative expense		-
NOL change due to amendments		-
Recognitions of other NOL changes		(103,341)
Total	**$**	**1,803,828**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2018, for the measurement date of June 30, 2017:

NOL at beginning of year	$	22,476,652
Annual OPEB expense		1,803,828
Contributions		(346,882)
Unrecognized deferred outflows/inflows of resources		(1,136,752)
NOL at end of year	**$**	**22,796,846**

Sensitivity to Changes in the Discount Rate

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	1% Decrease 2.56%	Discount Rate 3.56%	1% Increase 4.56%
Net OPEB Liability (Asset)	$ 24,768,189	$ 22,796,846	$ 21,004,310

Sensitivity to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	1% Decrease 3.5% - 5.5%	Trend Rate 4.5% - 6.5%	1% Increase 5.5% - 7.5%
Net OPEB Liability (Asset)	$ 20,629,896	$ 22,796,846	$ 25,302,998

REQUIRED SUPPLEMENTARY INFORMATION

Palo Alto Unified School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Positive - (Negative)
Revenues:				
LCFF sources	$ 179,230,666	$ 184,225,236	$ 184,425,781	$ 200,545
Federal revenues	3,322,792	3,459,396	3,355,251	(104,145)
Other state	10,301,937	14,031,215	15,803,915	1,772,700
Other local	35,193,334	39,349,791	37,334,091	(2,015,700)
Total revenues	228,048,729	241,065,638	240,919,038	(146,600)
Expenditures:				
Certificated salaries	108,036,464	112,911,332	112,911,332	-
Classified salaries	38,339,231	41,419,741	41,419,741	-
Employee benefits	54,681,919	58,213,150	58,213,150	-
Books and supplies	5,583,825	5,687,639	5,687,639	-
Services and other operating expenditures	21,920,214	25,900,405	25,900,405	-
Capital outlay	270,000	291,590	291,590	-
Other outgo	(117,371)	39,709	(104,516)	144,225
Total expenditures	228,714,282	244,463,566	244,319,341	144,225
Excess (deficiency) of revenues over (under) expenditures	(665,553)	(3,397,928)	(3,400,303)	(2,375)
Other financing sources (uses):				
Transfers in	30,000	45,800	32,374	(13,426)
Transfers out	(450,000)	(465,800)	(600,000)	(134,200)
Total other financing sources (uses)	(420,000)	(420,000)	(567,626)	(147,626)
Change in fund balance	(1,085,553)	(3,817,928)	(3,967,929)	(150,001)
Fund balance beginning	53,303,754	53,303,754	53,303,754	-
Fund balance ending	$ 52,218,201	$ 49,485,826	$ 49,335,825	$ (150,001)

The budgetary control level is by object on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by maor object. The above expenditures were in accordance with Education Code 42600.

Palo Alto Unified School District
Schedule of CalPERS Pension Plan Contributions
For the Fiscal Year Ended June 30, 2018

CalPERS Plan Fiscal Year Ended	**2018**	**2017**	**2016**	**2015**
Contractually Required Contributions	$ 5,924,496	$ 4,925,764	$ 3,934,909	$ 3,412,370
Contributions in Relation to Contractually Required Contributions	5,924,496	4,925,764	3,934,909	3,412,370
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Employee Payroll	**$ 38,146,262**	**$ 35,467,771**	**$ 33,213,551**	**$ 29,823,192**
Contributions as a Percentage of Covered Payroll	**15.53%**	**13.89%**	**11.85%**	**11.44%**

Notes to Schedule:

Valuation Date:	June 30, 2016
Assumptions Used:	Entry Age Method used for Actuarial Cost Method
	Level Percentage of Payroll and Direct Rate Smoothing
	4 Years Remaining Amortization Period
	Inflation Assumed at 2.75%
	Investment Rate of Returns set at 7.5%
	CalPERS mortality table using 20 years of membership data for all funds

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.
There were no changes in benefit terms
PERS discount rates were reduced from 7.5 to 7.65 in 2017 and then again to 7.15 in 2018.

Palo Alto Unified School District

Schedule of CalPERS Proportionate Share Of Net Pension Liability For the Fiscal Year Ended June 30, 2018

CalPERS Plan Fiscal Year Ended	**2018**	**2017**	**2016**	**2015**
Proportion of Net Pension Liability	0.27810%	0.27114%	0.26928%	0.26824%
Proportionate Share of Net Pension Liability	$ 66,389,810	$ 53,549,525	$ 39,691,967	$ 30,451,905
Covered Payroll	$ 35,467,771	$ 33,213,551	$ 29,823,192	$ 28,266,649
Proportionate Share of NPL as a % of Covered Payroll	**187.18%**	**161.23%**	**133.09%**	**107.73%**
Plan's Fiduciary Net Position as a % of the TPL	**71.87%**	**73.90%**	**79.43%**	**83.38%**

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.
There were no changes in benefit terms
PERS discount rates were reduced from 7.5 to 7.65 in 2017 and then again to 7.15 in 2018.

Palo Alto Unified School District

Schedule of CalSTRS Pension Plan Contributions
For the Fiscal Year Ended June 30, 2018

CalSTRS Plan Fiscal Year Ended	**2018**	**2017**	**2016**	**2015**
Contractually Required Contributions	$ 16,077,393	$ 13,602,277	$ 10,810,489	$ 8,218,669
Contributions in Relation to Contractually Required Contributions	16,077,393	13,602,277	10,810,489	8,218,669
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	**$ 111,416,445**	**$ 108,126,208**	**$ 100,750,130**	**$ 83,779,040**
Contributions as a Percentage of Covered Payroll	**14.43%**	**12.58%**	**10.73%**	**9.81%**

<u>Notes to Schedule:</u>

Valuation Date:	June 30, 2016
Assumptions Used:	Entry Age Method used for Actuarial Cost Method
	Level Percentage of Payroll
	7 Years Remaining Amortization Period
	Inflation Assumed at 3.00%
	Investment Rate of Returns set at 7.50%
	STRS mortality table using membership data for all funds

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.
There were no changes in benefit terms
STRS discount rates were reduced from 7.60 in 2017 to 7.10 in 2018.

Palo Alto Unified School District
Schedule of CalSTRS Proportionate Share
Of Net Pension Liability
For the Fiscal Year Ended June 30, 2018

CalSTRS Plan

Fiscal Year Ended	2018	2017	2016	2015
Proportion of Net Pension Liability	0.20200%	0.19400%	0.19118%	0.20007%
Proportionate Share of Net Pension Liability	$ 186,807,580	$ 156,907,653	$ 128,709,093	$ 116,913,315
Covered Payroll	$ 108,126,208	$ 100,750,130	$ 83,779,040	$ 89,006,480
Proportionate Share of NPL as a % of Covered Payroll	**172.77%**	**155.74%**	**153.63%**	**131.35%**
Plan's Fiduciary Net Position as a % of the TPL	**69.46%**	**70.04%**	**74.02%**	**76.52%**

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.
There were no changes in benefit terms
STRS discount rates were reduced from 7.60 in 2017 to 7.10 in 2018.

Palo Alto Unified School District
Schedule of Contributions for Postemployment Benefits
For the Fiscal Year Ended June 30, 2018

Year ending	2018
Actuarially Determined Contributions	$ 848,754
Less: actual contribution in relation to ADC	(295,749)
Contribution deficiency (excess)	$ 553,005
Covered payroll for the fiscal year 2017/18	$ 155,669,352
Contributions as a percentage of covered payroll	0.19%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry-Age Level Percent of Pay
Amortization Period:	20 years
Asset Valuation Method:	20 years
Actuarial Assumptions:	
Discount Rate	3.56%
Inflation	2.75%
Salary Increases	3.25%
Healthcare Trend Rate	6.5% down to 4.5% in 2022
Mortality	Mortality rates were taken from the 2014 CalPERS OPEB Assumptions Model (for classified employees) and the 2016 STRS valuation (for certificated employees).

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

Palo Alto Unified School District
Schedule of Changes in Total OPEB Liability
For the Fiscal Year Ended June 30, 2018

	2018
Total OPEB liability	
Service cost	$ 1,255,915
Interest	651,254
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(1,240,093)
Benefit payments	(346,882)
Net change in Total OPEB Liability	320,194
Total OPEB Liability - beginning	22,476,652
Total OPEB Liability - ending	$ 22,796,846
Plan fiduciary net position	
Contributions - employer	$ 346,882
Net investment income	-
Benefit payments	(346,882)
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	$ -
Net OPEB liability	$ 22,796,846
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered employee payroll	$ 150,769,348
Net OPEB Liability as a percentage of covered payroll	15.12%

GASB 75 requires this for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

NOTE 1 - 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 States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budget for the General Fund IS presented as Required Supplementary Information. The basis of budgeting is the same as GAAP and there were not expenditures in excess of appropriations during the year.

NOTE 2 - SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

These schedules present information on the District's portion of the Net Pension Liability of CalSTRS and the Net Pension Liability of CalPERS in compliance with GASB 68.

NOTE 3 - SCHEDULES OF THE DISTRICT'S CONTRIBUTIONS

These schedules provide information about the District's required and actual contributions to CalSTRS and CalPERS.

NOTE 4 - SCHEDULE OF CONTRIBUTIONS FOR POSTEMPLOYMENT BENEFITS

These schedules provide information about the District's actuarially determined contribution and actual contributions for other postemployment benefits.

NOTE 5 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

This schedule presents information on the District's changes in total OPEB liability in compliance with GASB 75.

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds
Combining Schedules

Palo Alto Unified School District
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds				Capital Projects Funds		
	Cafeteria Fund	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Governmental Funds
Assets							
Cash and investments	$ 576,876	$ 2,169,118	$ 263,595	$ 824,191	$ 4,253,084	$ 31,803	$ 8,118,667
Accounts receivable	2,705	168,702	55,114	3,616	32,594	66	262,797
Due from other funds	28,386	2,695	150,000	-	-	-	181,081
Prepaid expenditures	9,875	165	-	-	-	-	10,040
Stores inventories	22,684	34,497	-	-	-	-	57,181
Total Assets	$ 640,526	$ 2,375,177	$ 468,709	$ 827,807	$ 4,285,678	$ 31,869	$ 8,629,766
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	$ 24,586	$ 75,069	$ 468,709	$ 92,453	$ -	$ -	$ 660,817
Due to other funds	61,380	109,993	-	-	32,374	-	203,747
Unearned revenue	337,604	112,705	-	-	-	-	450,309
Total Liabilities	423,570	297,767	468,709	92,453	32,374	-	1,314,873
Fund Balances:							
Nonspendable stores inventories	22,684	34,497	-	-	-	-	57,181
Nonspendable prepaid expenditures	9,875	165	-	-	-	-	10,040
Restricted for cafeteria programs	177,466	-	-	-	-	-	177,466
Restricted for capital projects	-	-	-	-	4,253,304	31,869	4,285,173
Committed for educational programs	-	2,042,748	-	-	-	-	2,042,748
Committed for site repairs	-	-	-	735,354	-	-	735,354
Committed for cafeteria programs	6,931	-	-	-	-	-	6,931
Total Fund Balance	216,956	2,077,410	-	735,354	4,253,304	31,869	7,314,893
Total Liabilities and Fund Balances	$ 640,526	$ 2,375,177	$ 468,709	$ 827,807	$ 4,285,678	$ 31,869	$ 8,629,766

Palo Alto Unified School District
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds				Capital Projects Funds		
	Cafeteria Fund	Adult Education Fund	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Governmental Funds
Revenues:							
Federal revenue	$ 578,205	$ 159,193	$ -	$ -	$ -	$ -	$ 737,398
Other state	37,776	1,552,380	616,129	-	-	7,008,356	9,214,641
Other local	2,344,858	812,379	-	11,358	1,139,617	22,999	4,331,211
Total revenues	2,960,839	2,523,952	616,129	11,358	1,139,617	7,031,355	14,283,250
Expenditures:							
Current							
Instruction	-	1,070,153	766,129	-	-	-	1,836,282
Instruction-related services:							
Supervision of instruction	-	22,590	-	-	-	-	22,590
School site administration	-	1,107,139	-	-	-	-	1,107,139
Pupil services:							
Food services	2,919,898	-	-	-	-	-	2,919,898
General administration:							
All other general administration	-	104,516	-	-	-	-	104,516
Plant services	-	105,323	-	-	-	-	105,323
Facilities acquisition and construction	-	-	-	587,324	1,703,555	-	2,290,879
Total expenditures	2,919,898	2,409,721	766,129	587,324	1,703,555	-	8,386,627
Excess (deficiency) of revenues over (under) expenditures	40,941	114,231	(150,000)	(575,966)	(563,938)	7,031,355	5,896,623
Other financing sources (uses):							
Transfers in	-	-	150,000	450,000	-	-	600,000
Transfers out	-	-	-	-	(32,374)	(7,008,356)	(7,040,730)
Total other financing sources (uses)	-	-	150,000	450,000	(32,374)	(7,008,356)	(6,440,730)
Change in fund balance	40,941	114,231	-	(125,966)	(596,312)	22,999	(544,107)
Fund balance beginning	176,015	1,963,179	-	861,320	4,849,616	8,870	7,859,000
Fund balance ending	$ 216,956	$ 2,077,410	$ -	$ 735,354	$ 4,253,304	$ 31,869	$ 7,314,893

STATE AND FEDERAL AWARD COMPLIANCE SECTION

The Palo Alto Unified School District was founded on March 20, 1893 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and Federal agencies. The District operates twelve elementary, three middle, two high schools, an adult education program, a Young Fives program and two children's centers.

The Board of Education for the fiscal year ended June 30, 2018, was comprised of the following members:

GOVERNING BOARD

Name	Office	Term Expires
Ken Dauber	President	2018
Jennifer DiBrienza	Vice President	2020
Melissa Baten Caswell	Member	2020
Todd Collins	Member	2020
Terry Godfrey	Member	2018

ADMINISTRATION

Name	Title
Karen Hendricks	Interim Superintendent
Cathy Mak	Chief Business Officer
Robert Golton, Ph.D.	Bond Program Manager
Anne Brown	Interim Assistant Superintendent, Human Resources
Yolanda Conaway	Assistant Superintendent, Strategic Initiatives and Operations
Sharon Ofek	Chief Academic Officer, Secondary
Barbara Harris	Chief Academic Officer, Elementary

Palo Alto Unified School District
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2018

	Second Period Report	Annual Report
Regular ADA:		
Grades TK/K through three	3,163.99	3,170.36
Grades four through six	2,664.33	2,666.49
Grades seven and eight	1,991.47	1,992.62
Grades nine through twelve	3,888.95	3,875.27
Regular ADA Total	11,708.74	11,704.74
Extended year special education:		
Grades TK/K through three	3.89	3.89
Grades four through six	3.64	3.64
Grades seven and eight	2.43	2.43
Grades nine through twelve	2.79	2.79
Special education - nonpublic, nonsect schools:		
Grades TK/K through three	1.10	1.22
Grades four through six	0.94	0.94
Grades seven and eight	5.04	5.34
Grades nine through twelve	12.49	12.34
Extended year special education - nonpublic, nonsect schools:		
Grades TK/K through three	-	0.11
Grades seven and eight	0.11	0.11
Grades nine through twelve	0.89	0.89
ADA Totals	11,742.06	11,738.44

Palo Alto Unified School District
Schedule of Instructional Time Offered
For the Fiscal Year Ended June 30, 2018

Grade Level	Minutes Requirements	2016-17 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	46,555	180	0	In compliance
Grade 1	50,400	51,360	180	0	In compliance
Grade 2	50,400	51,360	180	0	In compliance
Grade 3	50,400	51,360	180	0	In compliance
Grade 4	54,000	54,835	180	0	In compliance
Grade 5	54,000	54,835	180	0	In compliance
Grade 6	54,000	60,500	180	0	In compliance
Grade 7	54,000	60,500	180	0	In compliance
Grade 8	54,000	60,500	180	0	In compliance
Grade 9	64,800	66,670	180	0	In compliance
Grade 10	64,800	66,670	180	0	In compliance
Grade 11	64,800	66,670	180	0	In compliance
Grade 12	64,800	66,670	180	0	In compliance

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

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

Palo Alto Unified School District
Schedule of Charter Schools (Unaudited)
June 30, 2018

This schedule is provides to list 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. There were no charter schools in the Palo Alto Unified School District.

Palo Alto Unified School District
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2018

	(Budget [1]) 2019	2018	2017	2016
General Fund				
Revenues and other financial sources	$ 246,350,705	$ 231,947,202	$ 221,190,537	$ 223,883,708
Expenditures	243,965,436	235,315,131	223,307,540	213,447,591
Other uses and transfers (out)	895,975	600,000	450,000	460,473
Total outgo (2)	244,861,411	235,915,131	223,757,540	213,908,064
Change in fund balance	$ 1,489,294	$ (3,967,929)	$ (2,567,003)	$ 9,975,644
Ending fund balance	$ 50,825,119	$ 49,335,825	$ 53,303,754	$ 55,870,757
Available reserves (3)	$ 24,177,169	$ 23,940,309	$ 21,536,772	$ 21,034,272
Reserve for economic uncertainties	$ 24,177,169	$ 23,891,468	$ 21,169,935	$ 20,919,051
Unassigned fund balance	$ -	$ 48,841	$ 366,837	$ 115,221
Available reserves as a percentage of total outgo	9.9%	10.1%	9.6%	9.8%
Total long-term debt	$ 615,115,659	$ 644,375,003	$ 568,786,498	$ 547,586,246
Average daily attendance (ADA) at P-2	11,757	11,742	11,823	11,924

ADA has dcreased by 182 over the past three years. The district anticipates ADA to increase by 15.

The general fund balance has decreased by $6,534,932 over the past three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo). The fiscal year 2017-18 budget projects a $1,489,294 increase in fund balance.

The district has had an operating deifict in 2 of the past three years. Total long-term debt has increased by $96,788,757 over the past three years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2018/19, which is unaudited.

[2] Total outgo and revenue and other financial sources does not include onbehalf STRS contributions made by the state.

[3] Available reserves consists of all unassigned fund balances in the general fund, which includes the reserve for

Palo Alto Unified School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

PROGRAM NAME	Federal Catalog Number		Pass-Through Entity Identifying Number	Program Expenditures
U. S. DEPARTMENT OF AGRICULTURE:				
Passed through California Department of Education:				
Child Nutrition Cluster				
Child Nutrition: School Programs (School Breakfast Needy)	10.553		13526	$ 43,844
Child Nutrition: School Programs (School Breakfast Basic)	10.553		13525	42,045
Child Nutrition: School Programs (NSL Sec 11)	10.555		13396	492,316
Child Nutrition: CCFP Cash in Lieu of Commodities	10.555		13389	84,459
Total Child Nutrition Cluster				662,664
TOTAL U.S. DEPARTMENT OF AGRICULTURE				662,664
U. S. DEPARTMENT OF EDUCATION:				
Passed through California Department of Education:				
Special Education Cluster				
Sp Ed: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	(1)	13379	1,993,593
Sp Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	(1)	10115	34,301
Sp Ed: IDEA Mental Health ADA Allocation, Part B, Sec 611	84.027A	(1)	15197	138,101
Sp Ed: IDEA Preschool Local Entitlement, Part B, Sect 611 (AGE 3-4-5)	84.027A	(1)	13682	173,312
Sp Ed: IDEA Preschool Staff Development, Part B, Sec 619	84.173A	(1)	13431	433
Sp Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	(1)	13430	54,600
Sp Ed: Alternate Dispute Resolution, Part B, Sec 611	84.173A	(1)	13007	5,513
Total Special Education Cluster				2,399,853
Adult Education: Adult Secondary Education (Section 231)	84.002		13978	325
Adult Education: Adult Basic Education & ESL (Section 231)	84.002A		14508	158,868
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048		14894	37,819
NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	84.010		14329	205,702
ESEA (ESSA): Title II, Part A, Improving Teacher Quality Local Grants	84.367		14341	133,142
ESEA (ESSA): Title III, English Learner Student Program	84.365		14346	148,017
ESEA (ESSA): Title III, Immigrant Education Program	84.365		15146	96,670
Dept of Rehabilitation: Workability II, Transitions Partnership Program	84.126		10006	334,048
TOTAL U. S. DEPARTMENT OF EDUCATION				3,514,444
TOTAL FEDERAL PROGRAMS				$ 4,177,108

(1) Audited as major program
There were no pass throughs to subrecipients during the year

Palo Alto Unified School District
Reconciliation of Annual Financial and Budget Report (SACS)
With Audited Financial Statements
For the Fiscal Year Ended June 30, 2018

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Special Reserve Fund for Postemployment Benefits
June 30, 2018 Annual Financial and Budget Report Fund Balances	$ 30,635,680	$ 16,522,752	$ 2,177,388
Adjustments and Reclassifications:			
To conform with GASB 54, activities included in certain special revenue funds have been reported in the General Fund in the audited financial statements	18,700,145	(16,522,752)	(2,177,388)
June 30, 2018 Audited Financial Statements Fund Balances	$ 49,335,825	$ -	$ -

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. 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 46201 through 46206.

C. Schedule of Charter Schools

This schedule is provided to list 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.

D. 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.

E. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

F. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the SACS report to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

There were no material unreconciled differences between the District's records and the schedule of federal grant activity as shown on the Schedule of Expenditures of Federal and State Awards.

3. BASIS OF PRESENTATION – 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 Regulations, 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 basic financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consisted of the rebated interest on qualified school construction bonds and the fair market value of noncash awards under the National School Lunch Program.

Description	CFDA Number	Amount
Federal revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances:		$ 5,337,408
Rebated interest on qualified school construction bonds are not included in the Schedule of Expenditures of Federal Awards, but are included in the financial statements:		(1,244,759)
Noncash Federal expenditures are not recorded on the financial statements, but are included in the Schedule of Expenditures of Federal Awards:	10.555	84,459
Total Schedule of Expenditures of Federal Awards		$ 4,177,108

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Education
Palo Alto Unified School District
Palo Alto, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Palo Alto 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, and have issued our report thereon dated November 1, 2018 .

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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

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on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

C & A LLP

November 1, 2018
San Jose, California

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Chavan & Associates, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 CFR PART 200 (UNIFORM GUIDANCE)

Board of Education
Palo Alto Unified School District
Palo Alto, California

Report on Compliance for Each Major Federal Program

We have audited Palo Alto Unified School District's (the District) compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our

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audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

C & A LLP

November 1, 2018
San Jose, California

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

Board of Education
Palo Alto Unified School District
Palo Alto, California

Compliance

We have audited the Palo Alto Unified School District's (the District) compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 2018.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. 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 *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit, guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on compliance with the state laws and regulations described in the schedule below, occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other than Charter Schools:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes

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Description	Procedures Performed
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
School Districts, County Offices of Education, and Charter Schools	
Educator Effectiveness	Yes
California Clean Energy Job Acts	Yes
After School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes-Classroom Based	N/A
Charter School Facility Grant Program	N/A

We did not perform the audit procedures for the Full-time Independent Study and Independent Study-Course Based programs because the ADA was under the level that requires testing.

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2018.

C & A LLP

November 1, 2018
San Jose, California

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FINDINGS AND RECOMMENDATIONS

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Unmodified**
Internal control over financial reporting:	
Material weaknesses?	____ Yes __x__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __x__ No
Non-compliance material to financial statements noted?	____ Yes __x__ No

Federal Awards

The District did not spend or incur expenditures of $750,000 or more in federal awards.

Internal control over major programs:	
Material weaknesses?	____ Yes __x__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __x__ No
Type of auditor's report issued on compliance over major programs	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes __x__ No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Section 611 (Formerly PL 94-142)
84.027	Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs
84.027A	Special Ed: IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611
84.027A	Special Ed: IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619
84.173	Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)
84.173A	Special Ed: Alternate Dispute Resolution, Part B, Sec 611

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low risk auditee?	__x__ Yes ____ No

State Awards

Internal control over state programs:	
Material weaknesses?	____ Yes __x__ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __x__ No
Type of auditor's report issued on compliance over state programs:	**Unmodified**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Education
Palo Alto Unified School District
Palo Alto, California

Palo Alto Unified School District
General Obligation Bonds (Election of 2018), Series 2019
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Palo Alto Unified School District (the "District"), which is located in the County of Santa Clara, California (the "County"), in connection with the issuance of $30,000,000 aggregate principal amount of Palo Alto Unified School District General Obligation Bonds (Election of 2018), Series 2019 (the "Bonds"). The Bonds are authorized by a resolution adopted by the Board of Education of the District on June 11, 2019 (the "District Resolution"), and issued pursuant to a paying agent agreement, dated as of July 1, 2019 (the "Paying Agent Agreement"), between the District and U.S. Bank National Association, as paying agent (the "Paying Agent"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the District Resolution, the Paying Agent Agreement, the tax certificate of the District dated the date hereof (the "Tax Certificate"), certificates of the District, the County, and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Paying Agent Agreement, the Tax Certificate and the District Resolution including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Paying Agent Agreement, the Tax Certificate, and the District Resolution and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the District Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the District.

2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes the valid and binding agreement of, the District.

3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Palo Alto Unified School District (the "District") in connection with the issuance of $30,000,000 aggregate principal amount of Palo Alto Unified School District General Obligation Bonds (Election of 2018), Series 2019 (the "Bonds"). The Bonds are being issued as authorized by a resolution adopted by the Board of Education of the District on June 11, 2019, and in accordance with the terms of a Paying Agent Agreement, dated as of July 1, 2019 (the "Paying Agent Agreement"), by and between the District and U.S. Bank National Association, as paying agent (the "Paying Agent"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean any Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at *http://emma.msrb.org*.

"Official Statement" shall mean the final official statement dated July 10, 2019 relating to the Bonds.

"Participating Underwriter" shall mean Fidelity Capital Markets, or the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"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.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2019 (which is due no later than April 1, 2020), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, 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 the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

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

(c) If the District is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), at the request of the district, the Dissemination Agent shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided to the MSRB.

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

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

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

(b) Adopted budget of the District for the current fiscal year, or a summary thereof, and any interim budget reports approved as of the date of filing of the Annual Report.

(c) District average daily attendance.

(d) District outstanding debt.

(e) Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County.

(f) Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

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

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

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.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

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

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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 paying agent or the change of name of a paying agent; or

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) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Paying Agent Agreement.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in its Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

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 this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Keygent LLC.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Santa Clara or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Paying Agent Agreement, 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. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: July 25, 2019.

PALO ALTO UNIFIED SCHOOL DISTRICT

By ______________________________

Robert Golton
Bond Program Manager

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of District:	PALO ALTO UNIFIED SCHOOL DISTRICT
Name of Bond Issue:	PALO ALTO UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS (ELECTION OF 2018), SERIES 2019
Date of Issuance:	July 25, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by _____________.]

Dated: _______________

PALO ALTO UNIFIED SCHOOL DISTRICT

By ____[to be signed only if filed]________

APPENDIX E

**SANTA CLARA COUNTY
STATEMENT OF INVESTMENT POLICY
AND
QUARTERLY INVESTMENT REPORT**

The following information has been furnished by the Office of the Director of Finance, County of Santa Clara. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the Director of Finance and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Director of Finance, County of Santa Clara, 70 West Hedding Street, East Wing, 2nd Floor, San Jose, CA 95110.

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44.8 - TREASURY INVESTMENT POLICY

4.8.1 Statement of Intent

The purpose of this document is to set forth the County of Santa Clara's policy applicable to the investment of short term surplus funds. In general, it is the policy of the County to invest public funds in a manner that will provide a competitive rate of return with maximum security while meeting the cash flow requirements of the County, school districts and special districts whose funds are held in the County Treasury, in accordance with all state laws and County ordinances governing the investment of public funds.

4.8.2 Scope

This investment policy applies to all financial assets held by the County. Those assets specifically included in this investment policy are accounted for in the County's Comprehensive Annual Financial Report and are included here as part of the County's Commingled Investment Pool.

4.8.3 Objectives

The following investment objectives shall be applied in the management of the County's funds.

(A) The foremost objective of the County's investment program shall be to safeguard principal. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

(B) The secondary objective shall be to meet the liquidity needs of its participants. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

(C) The third objective shall be to attain a market rate of return (yield) throughout budgetary and economic cycles, taking into account the County's investment constraints and cash flow characteristics. The core of investments will be limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed.

Risk Mitigation

Those factors that can lead to an unexpected financial loss can be broadly grouped into the following categories; credit risk, liquidity risk, interest rate risk and operational risk. Credit risk is the possibility that a bond issuer will default or that the change in the credit quality of counter-party will affect the value of a security. Liquidity risk for a portfolio that does not market value its holdings on a daily basis is the risk that sufficient cash or cash equivalents are not available and a security may have to be sold at a loss (based on its original cost) in order to meet a payment liability. Interest rate risk is the risk that the value of a fixed income security or portfolio will fall as a result of an increase in interest rates. Operational risk refers to potential losses resulting from inadequate systems, management failure, faulty controls, fraud and human error.

It is part of this policy to pursue the listed actions below to reduce the risk of exposure to the County's investments.

Credit Risk

- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
- Only purchasing securities that meet ratings standards specified in this policy.

- Conducting ongoing reviews as needed of all credit exposures within investment portfolios.
- Rating restrictions for all investments are denoted as requirements at time of purchase. If a security should incur a downgrade by either rating agency, placing the security on special surveillance to identify and monitor any continuing deterioration trends and, if warranted, selling the security.
- Reviewing the possible sale of a security whose credit quality is declining to minimize loss of principal.

Liquidity Risk

- To the extent possible, matching investment maturities with anticipated cash demands, also known as creating static liquidity. Alternatively, apply application software to analyze and validate that cash from investment activity is sufficient to cover all liabilities.
- Since all possible cash demands cannot be anticipated, maintaining portfolios largely of securities with active secondary or resale markets (dynamic liquidity).
- Making investments that could be appropriately held to maturity without compromising liquidity requirements.
- Prior to approving or disapproving a withdrawal request (a reduction of liquidity), the County Treasurer shall determine that the proposed withdrawal will not adversely affect the interests of the other depositors in the County pool.

Interest Rate Risk

- Not investing in securities maturing more than five years from the settlement date and limiting the weighted average maturity of the County's Commingled portfolio to two years or less.
- Limiting segregated investments to maturities of five years or less unless a longer term is specifically approved by the appropriate legislative body.
- Not investing in any funds in financial futures, option contracts, inverse floaters, range note or interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.
- Ensuring that adequate resources are devoted to interest rate risk measurement.

Operational Risk

- Establishing a system of internal controls, which is designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the County.
- Having an audit review to examine the system of internal controls to assure that established policies including risk management procedures are being complied with.

4.8.4 Standards of Care

(A) **Prudence.** 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 prudent person acting in a like capacity and familiar 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 investment strategy, the County Treasurer is authorized to acquire investments as authorized by law.

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The County recognizes that no investment program is totally riskless and that the investment activities of the County are a matter of public record. Accordingly, the County recognizes that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that the portfolio is adequately diversified and that the sale of a security is in the best long-term interest of the County. Significant adverse credit changes or market price changes on County-owned securities shall be reported to the Board of Supervisors and the County Executive in a timely fashion.

(B) **Competitive Transactions.** Where practicable, each investment transaction shall be competitively transacted with brokers/dealers/banks approved by the County Treasurer.

(C) **Indemnification.** Investment officers acting in accordance with state laws, County ordinances, this policy and written procedures, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse development

(D) **Ethics and Conflicts of Interest.** County employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and investment personnel shall subordinate their personal investment transactions to those of the County, particularly with regard to the timing of purchases and sales.

County officers and employees involved with the investment process shall refrain from accepting gifts that would be reportable under the Fair Political Practices Commission (FPPC) regulations.

Members of the Treasury Oversight Committee shall not accept any honoraria, gifts or gratuities from advisors, brokers, dealers, bankers or other persons with whom the County Treasury conducts business that would be reportable or prohibited under the FPPC regulations.

4.8.5 Authorized Financial Dealers and Institutions

The County Treasurer shall establish an approved list of brokers, dealers, banks and direct issuers of commercial paper to provide investment services to the County. It shall be the policy of the County to conduct security transactions only with approved institutions and firms. To be eligible for authorization, firms that are commercial banks must be members of the FDIC, and broker/dealers:

- Preferably should be recognized as a Primary Dealer by the Market Reports Division of the Federal Reserve Bank of New York, and
- Must maintain a secondary position in the type of investment instruments purchased by the County.

In addition, the firm must also qualify under SEC Rule 15C3-1 (Uniform Net Capital Rule). Approved broker/dealer representatives and the firms they represent shall be licensed to do business in the State of California.

The criteria for selecting security brokers and dealers from, to, or through whom the County Treasury may purchase or sell securities or other instruments, prohibits the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to any member of the governing board of any local agency that is a participant in the County Treasury or any candidate for those offices.

No public deposit shall be made except in a qualified public depository as established by state law. An annual analysis of the financial condition and professional institution/bank rating will be conducted by the County Treasurer and reported to the County Treasury Oversight Committee. Information indicating a material reduction in ratings standards or a material loss or prospective loss of capital must be shared with the Board of Supervisors, the County Executive, and the Oversight Committee in writing immediately.

To be eligible to receive local agency money, a bank, savings association, federal association or federally insured industrial loan company shall have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California communities, including low-and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code.

4.8.6 County Treasury Oversight Committee

A County Treasury Oversight Committee shall be established by the Board of Supervisors pursuant to Government Code Section 27130 et seq to advise the County Treasurer in the management and investment of the Santa Clara County Treasury. The Oversight Committee shall be comprised of six members representing the County, school districts and other local governments agencies whose funds are deposited in the County’s commingled pool and other segregated investments. Members of the Oversight Committee will be nominated by the Treasurer and confirmed by the Board of Supervisors. The Committee is comprised of the following members:

1. County Director of Finance

2. County Executive appointed by the Board of Supervisors

3. Representative appointed 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.

4. County Superintendent of Schools or his or her designee.

5. Representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County.

6. One member of the public that has expertise in and or an academic background in public finance.

Each member may designate an alternate to serve in the absence of the member. The alternate shall take the oath office and file a conflict of interest report with the Clerk of the Board. The alternate shall exercise the vote of the member at meetings where the member is not present.

It is the responsibility of the County Treasury Oversight Committee to approve the investment policy prepared annually by the County Treasurer, to review and monitor the quarterly investment reports prepared by the County Treasurer, to review depositories for County funds and broker/dealers and banks as approved by the County Treasurer, and to cause an annual audit to be conducted to determine the County Treasury's compliance with all relevant investment statutes and ordinances, and this investment policy. Any receipt of honoraria, gifts, and gratuities from advisors, brokers, and dealers, bankers or other persons with whom the County Treasury conducts business by any member of the County Treasury Oversight Committee is limited to amounts that would not be prohibited by or reportable to the Fair Political Practices Commission. These limits may be in addition to the limits set by a committee member's own agency or by state law.

Nothing in this article shall be construed to allow the County Treasury Oversight Committee to direct individual investment decisions, select individual brokers, or dealers, or impinge on the day-to-day operations of the County Treasury.

4.8.7 Eligible, Authorized and Suitable Investments

All investments shall conform with state law including but not limited to Government Code 53600 et seq. and any further restrictions imposed by this policy (Authorized Investments). Where this section specifies a percentage limitation for a particular category of investment or specific issuer, that percentage is applicable only at the date of purchase. If subsequent to purchase, portfolio percentage constraints are above the maximum thresholds due to changes in value of the portfolio or changes due to revisions of the policy, then affected securities may be held to maturity in order to avoid principal losses. However, the County Treasurer may choose to rebalance the portfolio if percentage imbalances are deemed to impair portfolio diversification.

If after purchase securities are downgraded below the minimum required rating level the securities shall be reviewed for possible sale within a reasonable amount of time after the downgrade. Significant down grades and the action to be taken will be disclosed in the Quarterly Investment Report.

U. S Treasury and Government Agencies

There shall be no limit in the amount that may be invested in debt obligations that are backed by the full faith and credit of the United States government. This includes but is not limited to U. S. Treasury bills, notes or bonds. However, this does not include Medium-Term Corporate Notes or Deposit Notes, as described below.

There shall be no limit in the amount that may be invested in Federal Agencies of the United States or United States government sponsored-enterprise obligations, participations, and bond issuances including those issued by or fully guaranteed as to principal and interest by federal agencies or the United States government.

Repurchase Agreements. A repurchase agreement consists of two simultaneous transactions under the same agreement. One is the purchase of securities by an investor (County Treasury) from a bank or dealer. The other is the commitment by the bank or dealer to repurchase the securities at a specified price and on a date mutually agreed upon.

Repurchase agreements shall be entered into only with dealers and financial institutions which have executed a Master Repurchase Agreement with the County and are recognized as primary dealers with the Market Reports Division of the Federal Reserve Bank of New York.

- The term of the repurchase agreement is limited to 92 days or less. The securities underlying the agreement may be obligations of the United States Government, its agencies, or agency mortgage backed securities. For repurchase agreements that exceed 15 days, the maturities on purchased securities may not exceed 5 years.

- The purchased securities shall have a minimum market value, including accrued interest, of 102 percent of the dollar value of the agreement. Purchased securities shall be held in the County's custodian bank as safekeeping agent, and the market value of the securities shall be marked-to-market on a daily basis.

Reverse Repurchase Agreements. A reverse repurchase agreement consists of two simultaneous transactions under the same agreement. One is the sale of securities by the County Treasury to a bank or dealer. The other is the commitment by the County Treasury to repurchase the securities at a specified price and on a date mutually agreed upon.

Reverse repurchase agreements may only be transacted with dealers and financial institutions which have executed a Master Repurchase Agreement with the County as approved by the Board of Supervisors, and which are Primary Dealers of the Federal Reserve Bank of New York. Reverse repurchase transactions must meet the following requirements:

- Sold securities must be owned and fully paid a minimum of 30 days prior to transaction.
- The total of all reverse repurchase and securities lending agreements cannot exceed 20% of the portfolio's base value.[1]
- The term of the reverse repurchase agreement is not to exceed 92 days unless the agreement includes a written codicil that guarantees a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
- Funds obtained through a reverse repurchase agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement unless the reverse repurchase agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
- Reverse repurchase agreements may only be used to affect a “matched” transaction whereby the proceeds of the reverse are reinvested for approximately the same time period as the term of the reverse repurchase agreement.
- Reverse repurchase agreements may not exceed $90 million.
- Investments in reverse repurchase agreements in which Treasury sells securities prior to purchase with a simultaneous agreement to repurchase the security may only be made upon prior approval of the Board of Supervisors.

Reverse Repurchase Agreements will be used solely for the intent of accessing liquid funds on a temporary basis and will not be used as a means to amplify portfolio returns.

All other cost-effective means of obtaining liquidity will be considered prior to exercising this option.

In exception to the above, a trial transaction will be permitted on a periodic basis as emergency preparation to ensure that internal systems and staff members remain up-to-date on processing procedures. The amount of the trial transaction will not exceed pre-established limits set by the Treasurer.

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[1] Base value of the County's Pool refers to the dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements or securities lending agreements.

Securities Lending. The mechanics behind a securities lending transaction consist of the County lending a security. The borrower, a financial institution, pledges collateral consisting of cash to secure the loan. Borrowers sometimes offer letters of credit as collateral. The lending agreement requires that the collateral must always exceed the market value of the security by 2%. Changes in the security's price during the term of the loan may require adjustments in the amount of collateral. The cash collateral obtained from the borrower is then invested in short-term assets for additional income. Also, the County is entitled to all coupon interest earned by the loaned security. At the end of the loan term, the transaction is unwound, the securities and collateral, which are held by a custodian bank, are returned to the original owners. The borrower is obliged to return the securities to the lender, either on demand from the County or at the end of any agreed term. Lending transactions must meet the following requirements:

- Loaned securities must be owned and fully paid a minimum of 30 days prior to transaction.
- The total of all reverse repurchase and securities lending agreements cannot exceed 20% of the portfolio's base value.
- The term of the securities lending agreement is not to exceed 92 days.
- Funds obtained through a securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the securities lending agreement.
- The objective of the transaction is to produce positive earnings.

To qualify as a counter-party to the County in a securities lending transaction, the broker/dealer must be recognized as a Primary Dealer by the Federal Reserve Bank and the County's custodial bank must indemnify the County against losses related to the broker-dealer.

Non-negotiable Time Deposits (CDs) that are FDIC Insured and Collateralized Time Deposits. Time deposits with banks or savings and loan associations shall be subject to the limitations imposed by the Government Code, as amended, and additional constraints prepared by the County Treasurer that would limit amounts to be placed with institutions based on creditworthiness, size, market conditions and other investment considerations.

Negotiable Certificates of Deposit. The bank issuing a negotiable certificate of deposit with a maturity of one year or less, must reflect the following or higher ratings from at least two of these *nationally recognized statistical rating organizations* (NRSRO’s): Moody's (P1), Standard and Poor's (A1), and Fitch (F1). Certificates that exceed one year, must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (Aa3), Standard and Poor's (AA-), and Fitch (AA-). Negotiable certificates of deposit shall not exceed 30% of the surplus funds of the portfolio. No more than 5% of the portfolio shall be in a single bank.

Bankers' Acceptances. Investments in eligible bankers' acceptances of United States or foreign banks shall not exceed 180 days maturity from the date of purchase. This debt must reflect the following or higher ratings by at least two of these NRSRO's: Moody's (P1), Standard and Poor's (A1), and Fitch (F1). Bankers' Acceptances shall not exceed 40% of surplus funds. No more than 5% of the portfolio shall be invested in a single commercial bank.

Commercial Paper. Investments in commercial paper shall not have a maturity that exceeds 270 days. Commercial paper must reflect the following or higher ratings by at least two of these NRSRO's: Moody's (P1), Standard and Poor's (A1), and Fitch (F1). The issuer must meet the qualifications as indicated below pursuant to California Government Code:

If the commercial paper is short-term unsecured promissory notes issued by financial institutions or corporations, the issuer must:

- Be organized and operating in the United States as a general corporation;
- Have total assets in excess of five hundred million dollars ($500,000,000); and
- If the issuer has senior debt outstanding, the senior debt must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (A3) Standard and Poor's (A-) and Fitch (A-)

If the commercial paper is asset backed, the issuer must:

- Be organized within the United States as a special purpose corporation, trust, or limited liability company; and
- Have program-wide credit enhancements including, but not limited to, over collateralization, letters of credit or surety bonds and include a liquidity vehicle.

Commercial paper shall not exceed 40% of the local agency's funds. No more than 5% of the portfolio shall be invested in any single issuer of commercial paper.

Medium Term Corporate Notes or Deposit Notes. The purchase of corporate notes shall be limited to securities that reflect the following ratings or higher by at least two of these NRSRO's: Moody's, (Aa3), Standard and Poor's (AA-), and Fitch (AA-). Medium term corporate notes or deposit notes (five years or less) shall be limited to 30% of surplus funds. No more than 5% of the portfolio shall be invested in any single corporation including those issuers whose debt is fully guaranteed as to principal and/or interest by federal agencies or the United States government.

Local Agency California Investment Fund (LAIF)

Funds may be invested in LAIF, a State of California managed investment pool up to the maximum dollar amounts in conformance with the account balance limits authorized by the State Treasurer.

Municipal Obligations. The purchase of municipal obligations shall include the following:

(A) **Treasury notes or bonds of the state of California**, including other obligations such as registered state warrants, certificates of participation, lease revenue bonds and 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.

(B) **Bonds, notes, warrants, certificates of participation, lease revenue bonds 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.

(C) **Registered treasury notes or bonds of any of the other 49 United States in addition to California**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

For those instruments that are rated, long term obligations must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-). Short term obligations must carry the following ratings or higher by at least one of these NRSRO's: Moody's (MIG-1), Standard and Poor's (SP-l), and Fitch (F-l). No more than 10% of surplus funds shall be in such obligations.

Money Market Funds. Companies issuing such money market funds must have assets under management in excess of $500,000,000. The advisors must be registered with the Securities and Exchange Commission (SEC) and have at least five years' experience investing in such types of investments. The fund must reflect the highest rating by at least two of these NRSRO's: Moody's (Aaa), Standard and Poor's (AAA), and Fitch (AAA). No more than 20% of the Treasury's funds may be invested in money market funds and no more than 10% of the Treasury's funds may be invested in one money market fund. If the money market fund is tax-exempt then only one "AAA" rating by an NRSRO is required. The money market fund must also be "no-load", which is a fund that does not compensate sales intermediaries with a sales charge or commission that is deducted from the return of the fund.

Asset Backed Securities. Asset backed securities (ABS) are notes or bonds secured or collateralized by pools of loans such as installment loans or receivables.

- Securities shall be issued by an issuer whose debt must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-).
- The asset backed security itself must reflect the following ratings or higher from at least two of these NRSRO's: Moody's (AA-), Standard and Poor's (Aa3) and Fitch (AA-).
- Asset backed securities together with mortgage backed securities may not exceed 20% of the Treasury's surplus money.

Agency Mortgage Backed Securities. Mortgage backed securities (MBS) are-collateralized by pools of conforming mortgage loans or multi-family mortgage loans insured by FHLMC or FNMA and or guaranteed by FHA (GNMA).

- Agency mortgage backed securities together with asset backed securities may not exceed 20% of the Treasury's surplus money.

Supranational Debt Obligations

United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development of the World Bank (IBRD) or the Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments must be rated "AAA" or better by at least two of the following, NRSRO's, Moody's, Standard and Poor's or Fitch and shall not exceed ten percent, in aggregate, of the Treasury's surplus funds.

General Parameters

Socially Responsible Investments

Whenever possible, in addition to and subordinate to the objectives set forth in section 4.8.3 herein, it is the County's policy to create a positive impact by investing in socially responsible corporations and agencies as defined by priorities set by the Board of Supervisors.

Ineligible Investments

Ineligible investments include common stock, inverse floaters, range notes, mortgage-derived interest only strips and any security that could result in zero interest accrual if held to maturity or any security that does not pay (cash or earn accrued) interest in one year or at least semi-annually in subsequent years and any investment not authorized by this policy unless otherwise allowed by law and approved by the Board of Supervisors.

Combined Issuer/Institutional limits.

No more than 5% of the portfolio shall be invested in aggregate of any single institution of the following types: Bankers Acceptances, Commercial paper, Negotiable Certificates of Deposit, and Corporate Notes.

Swaps

Investments will be reviewed for the possibility of a swap to enhance yield when both securities have a similar duration so as not to affect the cash flow needs of the program. Swaps should have a minimum of five basis points before being transacted.

4.8.8 Maximum Maturity

The County Investment portfolio shall be structured to provide that sufficient funds from investments are available to meet the anticipated cash needs of the depositors in the County' commingled investment pool. The choice of investment instruments and maturities shall be based on an analysis of depositors cash needs, existing and anticipated revenues, interest rate trends and specific market opportunities. The average weighted maturity of the portfolio will not exceed two years and investments will have a maturity of no more than five years from the settlement date unless specifically approved by the Board of Supervisors to the provisions set forth elsewhere in this policy.

4.8.9 Segregated Investments (excludes Commingled Funds)

Segregated investments of instruments permitted in Government Code Section 53601 can be made upon proper authorization where cash flow or other factors warrant segregation from the commingled pool. Examples that may justify such segregation are bond or note proceeds, Retiree Health funds or Workers Compensation funds where longer term or matching term investments are warranted.

For segregated investment funds, no investment shall be made that could not appropriately be held to maturity without compromising liquidity requirements.

Segregated investments shall be limited to five years maturity unless a longer term is specifically approved by the appropriate legislative body.

Government Code Sections 53620 and 53622 grant the County authority to invest the assets of the Santa Clara County Retiree Health Trust in any form or type of investment deemed prudent by the governing body. Accordingly, the County Board of Supervisors has determined that up to 67 percent of the Trust's assets, excluding near-term liability payouts, may be invested in equities through mutual funds or through the direct purchase of common stocks by a money management firm(s) approved by the Board of Supervisors.

In accordance with the prudent person standard in Government Code Sections 53620 through 53622, the assets of the Santa Clara County Retiree Health Trust may be invested in bonds that have a final maturity of 30 years or less from purchase date, and in bonds that reflect the following ratings or higher from at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-).

4.8.10 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held in the name of the County by a custodian designated by the County Treasurer and evidenced by trade confirmations and safekeeping holdings reports.

The County Treasurer will approve certain financial institutions on an annual basis to provide safekeeping and custodial services for the County. Custodian banks shall be selected on the basis of their ability to provide service to the County's account and the competitive pricing of their safekeeping related services. All securities purchased by the County under this section shall be properly designated as an asset of the County and held in safekeeping by a custodial bank chartered by the United States Government or the State of California.

The County will execute custodial agreement(s) with its bank(s). Such agreements will outline the responsibilities of each party for the notification of security purchases and sales, address wire transfers as well as safekeeping and transaction costs, and provide details on procedures in case of wire failures or other unforeseen mishaps along with the liability of each party.

To be eligible for designation as the County's safekeeping and custodian agent, a financial institution shall meet the following criteria:

- Have a Moody's rating of P-1 or Standard and Poor's rating of - A1 for the most recent reporting quarter before the time of selection.
- Qualify as a depository of public funds in the State of California as defined in Government Code Section 53638.

The County Treasurer shall require each approved custodial bank to submit a copy of its Consolidated Report of Condition and Income (Call Report) to the County within forty-five days after the end of each calendar quarter.

It is the intent of the County to mitigate custodial credit risk by insuring that all securities are appropriately held.

Securities typically clear and settle as electronic book entries through the following clearinghouses: (1) the Depository Trust Corp. (DTC), a member of the Federal Reserve Bank; or (2) the Fed Book-Entry System, owned by the Federal Reserve. Governments generally do not have their own account in the Fed Book-Entry System or at DTC, but have access to those systems through large financial institutions who are members and participants. The County's securities within the clearing system are held under the Custodial Bank's name. The Custodial Bank's internal records identify the County as the underlying beneficial owner of securities.

Infrequently, physical certificates are used to reflect ownership of a security. When physical securities are received by the Custodial Bank, they are sent to a transfer agent to be registered into the Custodial Bank's nominee name. It is kept in the bank's vault until redeemed or sold. The Custodial Bank records identify the County as the underlying beneficial owner and include the securities on the County's Safekeeping report.

4.8.11 Internal Controls and Accounting

The County shall establish a system of internal controls, which is designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the County.

The County maintains its records on the basis of funds and account groups, each of which is considered a separate accounting entity. All investment transactions shall be recorded in the various funds of the County in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board.

The County shall establish a process for an annual review by either the County's internal or external auditor. This review will examine the system of internal controls to assure that the established policies and procedures are being complied with and many result in recommendations to change operating procedures to improve internal control.

4.8.12 Reporting

(A) Methods.

(i) The County Treasurer shall prepare an investment report quarterly, including a management summary that provides a clear status of the current investment portfolio, quarterly transactions, investment philosophy and market actions and trends. The management summary will be prepared in a manner which will allow the County to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the Board of Supervisors, the County Executive, the County Treasury Oversight Committee, Internal Auditor, and local agencies with funds on deposit in the County pool. The report will include the following:

- A listing of individual securities by type of investment and maturity held at the end of the reporting period.
- A composite of transactions purchased during the reporting period by type of security.
- Unrealized gains or losses resulting from appreciation or depreciation of securities held in the portfolio, by listing the cost of market value of securities.
- Average weighted yield to maturity of the portfolio and benchmark comparisons.
- Weighted average maturity of the portfolio.
- A summary of purchases during the reporting period by broker/dealers or banks showing the purchase date, issuing agency, amount purchased, cost and purchase date.
- A statement denoting the ability of the County to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not, be available.

(ii) The County Treasurer shall prepare a monthly report with a brief summary of the investment report and a listing of the transactions conducted during the month. The report will be provided to the Board of Supervisors, Treasury Oversight Committee and the local agencies with funds on deposit in the County Pool.

Material deviations from projected budgetary investment results shall be reported no less frequently than quarterly to the Board of Supervisors and the County Executive.

(B) Performance Standards.

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates, taking into account the County's investment risk constraints and cash flow needs.

The basis for measurement used to determine whether market yields/rate of return are being achieved shall be the State Treasurer's Local Agency Investment Fund (LAIF). It should be recognized, however, that since the investment parameters of LAIF are broader than the County's investment policies, the returns realized by the County cannot necessarily be expected to exceed the returns realized by LAIF on a regular basis.

(C) The County utilizes the following methods to pay for banking services and County administration of the investment function:

General Banking Services. General banking services such as safekeeping, items deposited, statements, account maintenance, etc., may be paid to the bank through direct payment or a combination of direct payment and compensating balance.

Investment and Banking Administration Costs. The County recovers staffing and other costs relating to the County's administration services for banking and investment functions provided to the County Treasury. The administrative costs are allocated against the earnings of the County pool prior to apportionment of earnings.

Earnings Apportionment. Earnings of the County pool are apportioned quarterly to all participants of the pool based on the average daily balance of each fund during the quarter.

Realized capital gains (the gain from securities sold at a higher price compared to cost) are added to quarterly earnings. Realized capital losses (the loss from securities sold at a lower price compared to cost) reduce quarterly earnings. To the extent that a realized capital loss exceeds the quarterly aggregate earnings of the Pool, the loss will be shared across all funds. The size of the write-down for any individual fund balance will be based on the average daily balance of each fund during the quarter in which the loss occurred.

Any apportioned earnings may not be available for withdrawal until all monies that have been earned (i.e., accrued) have actually been received by the County Treasurer.

4.8.13 Investment Policy Adoption

Pursuant to Government Code section 27133 the County Treasurer annually prepares an investment policy that is reviewed, monitored and approved by the County Treasury Oversight Committee. Any changes must be approved by the Board of Supervisors. Copies of the approved investment policy shall be circulated annually to local agencies with funds on deposit in the County pool.

4.8.14 Voluntary Participants

The County provides the opportunity for local agencies to deposit excess funds within the County's Commingled Pool-pursuant to Government Code section 53684. In order to participate, voluntary participants must sign the County's Disclosure and Agreement for Voluntary Deposits which outlines the terms and conditions of participation, including constraints on deposits and withdrawals from the pool. Voluntary participants must also submit a resolution duly adopted by its governing board authorizing the deposit of funds into the Investment Pool.

It is the County's policy to not allow access to the pool unless the voluntary participant agrees to a long-term relationship utilizing the pool and County Treasury for its primary banking needs. The County does not wish to enter into relationships where an entity is placing funds because yields for a time may be higher than what is available at other organizations, because such activity can have an adverse and unfair impact on the other participants. Upon approval of the Treasurer, accommodations may be made to utilize the County resources to make specific investments or manage segregated funds for a voluntary participant at an agreed cost.

4.8.14.1 Temporary Loans to Pool Participants

Various public entities maintain funds on deposit with the County Treasury. From time to time, these public entities experience cash flow problems. Allowing these entities to temporarily borrow from the commingled investment pool is an alternative way to address their short-term cash flow problems. In order to ensure that these temporary loans comply with all legal requirements and investment pool objectives, no such transfers shall be made unless all of the following requirements are met:

- Because the commingled investment pool consists of deposits from both restricted and unrestricted sources, all transfers shall comply with all requirements of Government Code Sections 53601, 53840, 53841 and 53842, including the requirements that they be legally characterized as loans and formalized with "evidences of indebtedness," and meet maturity and security criteria.
- All transfers shall comply with Article XVI, Section 6 of the California Constitution, including the limitations on borrowing amounts and loan periods
- No transfers shall be made during any fiscal year unless the Board of Supervisors has adopted a resolution authorizing transfers for that fiscal year. (Cal. Constitution Article XVI, Section 6; Government Code Section 25252.)
- Any inter-fund transfers between school district and community college accounts shall be formally approved by the district's governing board and shall comply with all other requirements of Education Code Sections 42603, 42620 and 85220, including requirements regarding repayment, sufficient income, and maximum transfer amounts.
- No transfer may occur until the fund needing the transfer meets the revenue sufficiency test, consistent with state law and County investment pool investment-risk constraints, established by the Director of Finance to ensure repayment.
- Direct borrowing from the pool should be a last resort funding alternative. Pool participants will be encouraged to use all available internal sources for cash flow needs through inter-fund borrowing between the participant's various funds.

The Director of Finance shall do all of the following:

- Proactively monitor fund balances.
- Establish early warning triggers to identify those funds most likely to incur an overdraft and require a transfer.
- Establish a revenue sufficiency test for the purpose of assessing repayment ability.
- Place tax apportionments assigned to an overdrawn fund in a lock box sequestered for credit to the investment pool.
- Establish and monitor investment pool exposure limits.
- Monitor funds to ensure that loans meet dry period (last Monday in April through June 30 of the fiscal year) financing restrictions.
- Restrict certain individual funds (e.g., bond reserve funds) from use as a borrowing source in inter-fund borrowing across funds held by pool participant.
- Establish a hierarchy of associated funds owned by each pool participant to be used as alternative funding sources in the event any of the participant's funds needs a loan.

- Implement accounting procedures that either manually or automatically transfer funds from one fund to another based on preset rules.
- Report within the Quarterly Investment listing all loans extended by the investment pool to participants.

The County's external financial auditor shall regularly review all of the practices and procedures in this Section to ensure compliance with all legal requirements.

4.8.15 Withdrawal of Funds by Voluntary Participants

Public entities that are voluntary participants in the County pool who wish to make withdrawals for the purpose of investing outside of the County pool may request such withdrawals in accordance with the County Investment Management Agreement.

The County Treasurer will assess the proposed withdrawal on the stability and predictability of the investments in the County pool. Prior to approving or disapproving a withdrawal request, the County Treasurer shall determine that the proposed withdrawal will not adversely affect the interests of the other depositors in the County pool. Funds are withdrawn based on the market value.

4.8.16 Warranties

All depositors acknowledge that funds deposited in the Investment Pool are subject to market/investment risk, and that the County Treasurer makes no warranties regarding Investment Pool performance, including but not limited to preservation of capital or rate of return earned on funds deposited in the Investment Pool. Depositors knowingly accept these risks and waive any claims or causes of action against the County Treasurer, the County, and any employee, official or agent of the County for loss, damage or any other injury related to the Depositors' funds in the Investment Pool, with the exception of loss, damage or injury caused solely by the County Treasurer's material failure to comply with the County Investment Policy and all applicable laws and regulations.

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Quarterly Investment Report

March 31, 2019

Quarterly Investment Review Table of Contents

Quarterly Investment Report

Table of Contents

Santa Clara County Commingled Pool and Segregated Investments

March 31, 2019

Fund	Cost Value**	Market Value	Variance	% Variance
Commingled Investment Pool	$7,150,681,019	$7,139,350,994	-$11,330,026	-0.16%
Worker's Compensation	$28,691,332	$28,797,125	$105,793	0.37%
Park Charter Fund	$4,214,199	$4,220,392	$6,193	0.15%
San Jose-Evergreen	$17,104,617	$17,095,676	-$8,941	-0.05%
Medical Malpractice Insurance Fund (1)	$9,337,386	$9,309,795	-$27,591	-0.30%
Total	**$7,210,028,553**	**$7,198,773,982**	**-$11,254,571**	**-0.16%**

(1) Managed by Chandler Asset Management, Inc.

Summary of Yields* for Select Santa Clara County Investment Funds

Fund	2019			2018
	Jan 31	Feb 28	Mar 31	Mar 31
Commingled Investment Pool	2.15%	2.16%	2.22%	1.60%
Worker's Compensation	2.31%	2.32%	2.41%	1.44%
Weighted Yield	**2.15%**	**2.16%**	**2.22%**	**1.60%**

*Yield to maturity (YTM) is the rate of return paid on a bond, note, or other fixed income security if the investor buys and holds it to its maturity date and if the coupon interest paid over the life of the bond is reinvested at the same rate as the coupon rate. The calculation for YTM is based on the coupon rate, length of time to maturity, and market price at time of purchase.

Yield is a snapshot measure of the yield of the portfolio on the day it was measured based on the current portfolio holdings on that day. This is not a measure of total return, and is not intended to be, since it does not factor in unrealized capital gains and losses and reinvestment rates are dependent upon interest rate changes

**Cost Value is the amortized book value of the securities as of the date of this report.

Santa Clara County Commingled Pool and Segregated Investments

Portfolio Strategy

March 31, 2019

The outlook for the U.S. domestic economy remains positive. Economic growth, in the first quarter ended March 31, 2019, accelerated at a much stronger rate than expected. Gross domestic product (GDP), the total dollar value of all goods and services produced, expanded at a 3.2 percent annualized rate in the January through March period, according to Commerce Department data. GDP had advanced 2.2 percent in the prior quarter. The step-up in first quarter growth came despite the federal government shutdown through most of January, tariffs emanating from trade tensions with China and slower economic growth abroad. Gains in U.S. equity markets in the first quarter, the most since 2009 provided further assurance in validating growth in the underlying economy. The S&P 500 index, widely regarded as the best single gauge of large-cap U.S. equities returned 13.6 percent first quarter 2019, a strong reversal from the negative return of 5.7 percent posted by the index for 2018.

Low unemployment and solid wage gains supporting consumer spending continue to define the economy's underlying strength. With unemployment at 3.8 percent, a multidecade low, the March rebound in U.S. consumer spending corroborated the expected relation of strong labor markets fueling growth. Consumer purchases which make up more than two-thirds of the economy, rose 0.9 percent in March from the prior month, reflecting the best gain in nearly a decade. Wage and salary gains were solid with a 0.4 percent monthly rise in March following a 0.3 percent increase in February. March retail sales boosted by gains in motor vehicles sharply rose 1.6 percent. In fact, retail expansion spanned multiple spending categories. Twelve of thirteen major retail categories increased.

Even with a strengthening economy and tightness in the labor markets, Federal Reserve Bank (Fed) policy makers have communicated they will remain patient while considering any policy rate changes and intend to keep interest rates unchanged throughout 2019. Tepid inflation growth continues to explain the Fed's reluctance to further raise interest rates since no urgency exists to act. Previously, policy makers lifted borrowing costs four times in 2018 and nine times since the Fed's initial rate hike in 2015. Most recently, Federal Reserve policy makers' preferred inflation measure, the core-price gauge barely changed in March from the previous month. The measure increased only 1.6 percent from a year earlier, the lowest since January 2018 and clearly below the Fed's 2 percent healthy inflation target.

Santa Clara County Commingled Pool and Segregated Investments

Portfolio Strategy

March 31, 2019

The portfolio strategy continues to focus on the:
(1) acquisition of high-quality issuers;
(2) identifying and selecting bonds with attractive valuations;
(3) appropriately sizing the liquidity portion of the portfolio to ensure adequate cash for near term obligations; and
(4) ensuring that monies targeted for longer term investments are deployed in vehicles with favorable risk-adjusted yields.

Broker-dealers have generally down-sized the amount of securities carried in inventories in response to risk-curbing rules crafted after the 2008 financial crisis. These risk curbing rules include the international regulatory framework for banks called Basel III and the U.S. 2010 Dodd-Frank Law. The Treasury Division has increased its capability to review a larger volume of inventory listings to find attractive bonds. Portfolio structuring does not solely rely on interest rate anticipation strategies, which primarily speculate on the direction of interest rates to earn favorable returns.

Santa Clara County Commingled Pool and Segregated Investments

Portfolio Compliance, Review, and Monitoring

March 31, 2019

Yield and Weighted Average Maturity

The yield of the Commingled Pool is 2.22 and the weighted average life is 496 days.

Compliance

The County Treasurer believes the Commingled Pool contains sufficent cash flow from liquid and maturing securities, bank deposits and incoming cash to meet the next six months of expected expenditures.

Review and Monitoring

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

Additional Information

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

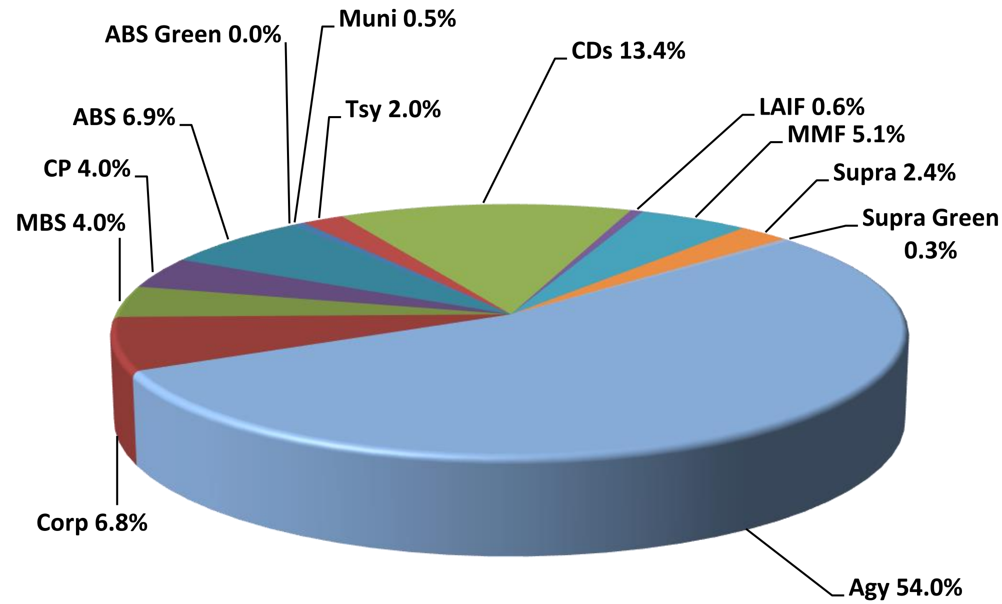
The market values of securities were taken from pricing services provided by the Bank of New York Mellon, Bloomberg Analytics, dealer quotes, and an independent pricing service.

Santa Clara County Commingled Pool

Allocation by Security Types

March 31, 2019

Sector	3/31/2019	12/31/2018	% Chng
Federal Agencies	53.97%	49.86%	4.1%
Corporate Bonds	6.81%	6.09%	0.7%
Mortgage Backed Securities	4.03%	1.89%	2.1%
Commercial Paper	4.02%	7.60%	-3.6%
ABS	6.90%	5.44%	1.5%
ABS Green Bonds	0.01%	0.01%	0.0%
Municipal Securities	0.53%	0.39%	0.1%
U.S. Treasuries	1.95%	3.40%	-1.5%
Negotiable CDs	13.43%	11.10%	2.3%
LAIF	0.58%	0.50%	0.1%
Money Market Funds	5.05%	10.79%	-5.7%
Supranationals	2.38%	2.08%	0.3%
Supranationals Green Bonds	0.35%	0.85%	-0.5%
Total	100.00%	100.00%	



Sector	3/31/2019	12/31/2018
Federal Agencies	3,858,898,880	4,087,750,692
Corporate Bonds	487,053,767	498,895,940
Mortgage Backed Securities	287,861,462	155,243,940
Commercial Paper	287,618,194	623,225,009
ABS	493,457,483	445,793,370
ABS Green Bonds	516,634	1,035,737
Municipal Securities	37,693,061	32,001,276
U.S. Treasuries	139,576,407	279,065,937
Negotiable CDs	960,000,000	910,000,000
LAIF	41,520,182	41,270,791
Money Market Funds	361,362,983	884,353,094
Supranational	170,121,967	170,127,986
Supranationals Green Bonds	25,000,000	70,000,000
Total	7,150,681,019	8,198,763,772

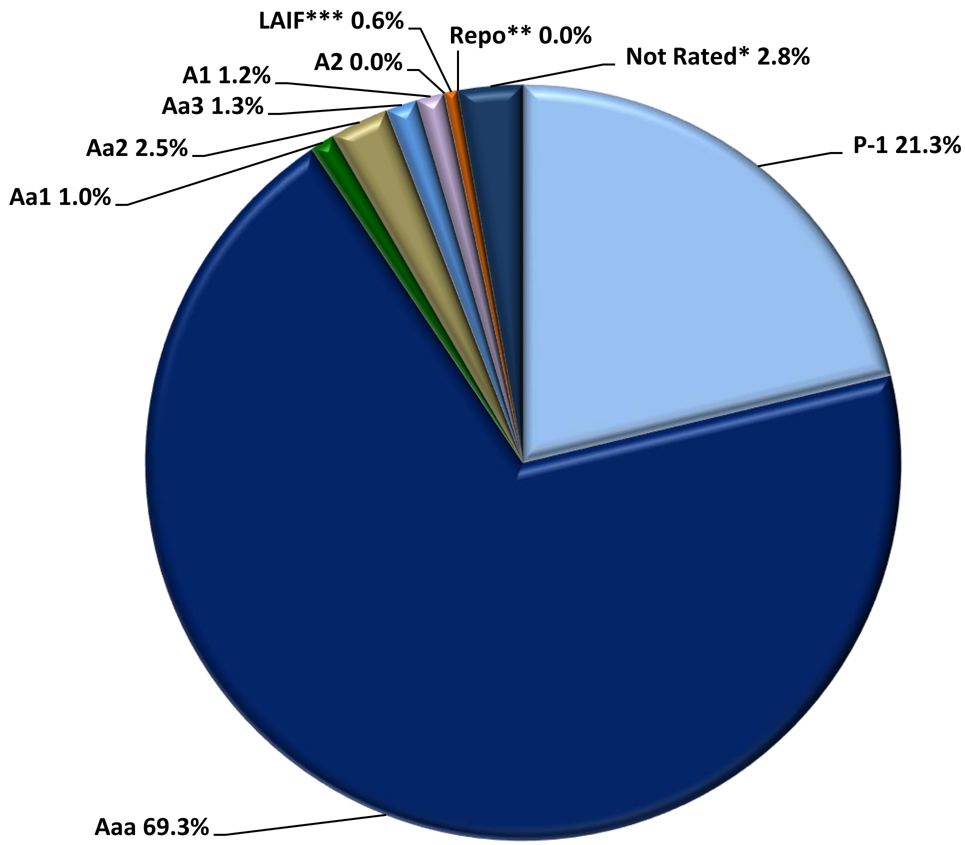
Amounts are based on book value

Santa Clara County Commingled Pool

Allocation by Ratings

March 31, 2019

Moody's Rating	Portfolio $	Portfolio %
P-1	1,521,972,869	21.3%
Aaa	4,953,700,628	69.3%
Aa1	74,976,263	1.0%
Aa2	179,289,903	2.5%
Aa3	95,817,741	1.3%
A1	85,046,770	1.2%
A2	-	0.0%
A3	-	0.0%
LAIF***	41,520,182	0.6%
Repo**	-	0.0%
Not Rated*	198,356,665	2.8%
Total	7,150,681,019	100.0%



*Not Rated by Moody's but A-1+ by S&P

**Repurchase Agreements are not rated, but are collateralized by U.S. Treasury securities or securities issued by the Federal Agencies of the U.S.

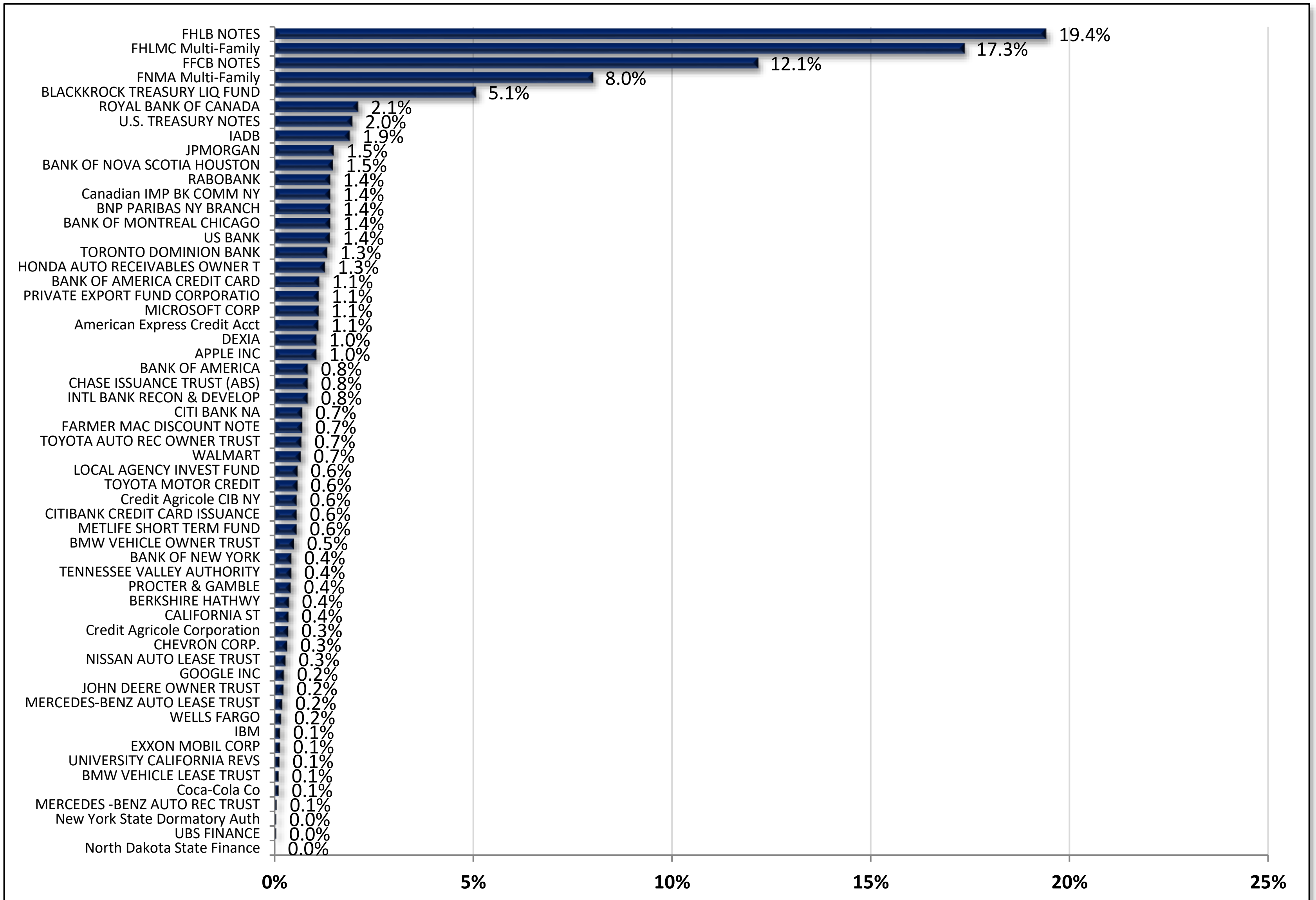
***LAIF is not rated, but is comprised of State Code allowable securities

Amounts are based on book values

Santa Clara County Commingled Pool

Holdings by Issuer - Percent of Commingled Pool

March 31, 2019

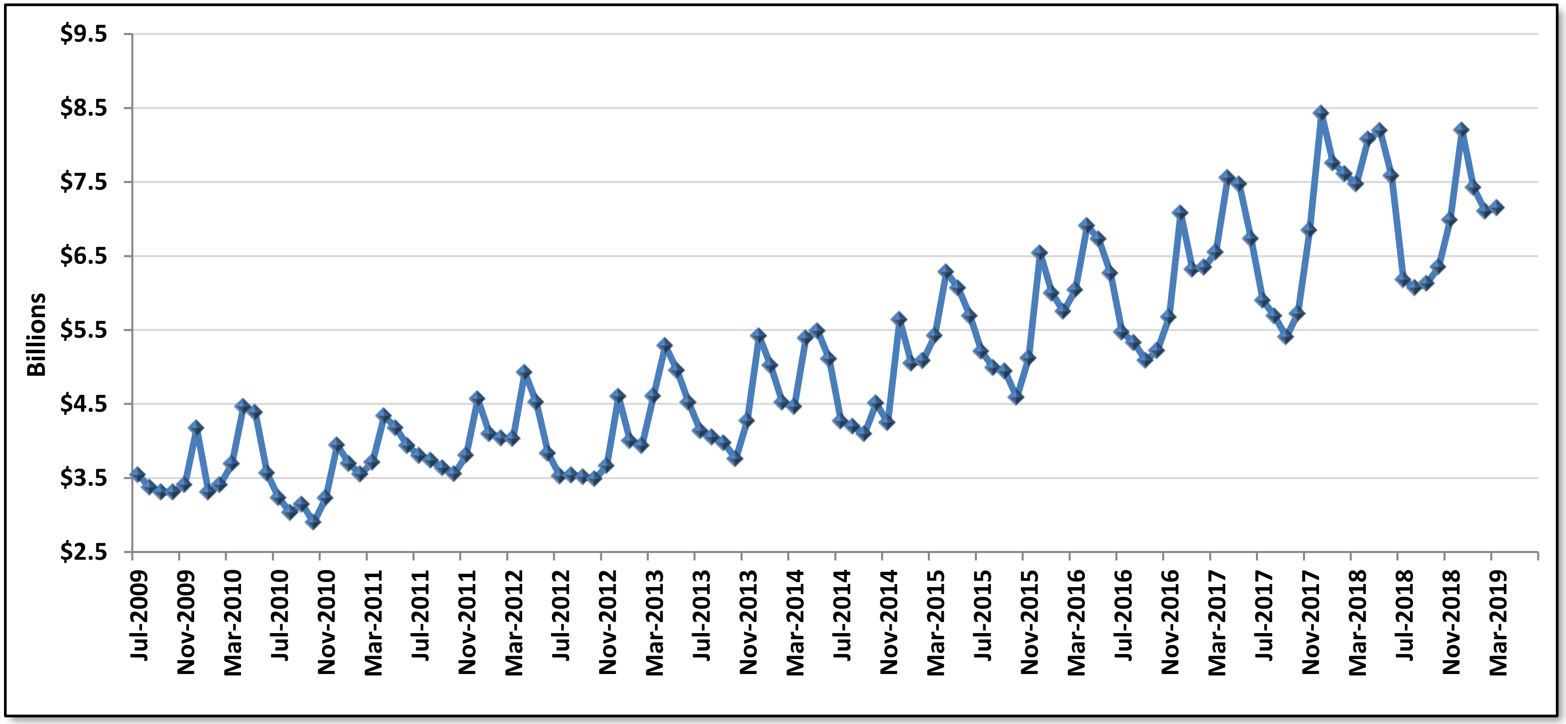


Amounts are based on book values

Santa Clara County Commingled Pool

Historical Month End Book Values

March 31, 2019



Fiscal Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2010	$3.541	$3.373	$3.307	$3.307	$3.408	$4.175	$3.307	$3.408	$3.687	$4.463	$4.384	$3.536
FY 2011	$3.230	$3.032	$3.143	$2.898	$3.227	$3.943	$3.695	$3.551	$3.712	$4.339	$4.179	$3.935
FY 2012	$3.801	$3.736	$3.637	$3.555	$3.805	$4.567	$4.097	$4.040	$4.032	$4.926	$4.525	$3.833
FY 2013	$3.508	$3.517	$3.515	$3.469	$3.645	$4.600	$3.918	$3.982	$4.606	$5.286	$4.952	$4.521
FY 2014	$4.133	$4.052	$3.975	$3.758	$4.271	$5.419	$5.019	$4.520	$4.461	$5.386	$5.487	$5.108
FY 2015	$4.267	$4.194	$4.096	$4.051	$4.247	$5.639	$5.045	$5.085	$5.420	$6.284	$6.065	$5.690
FY 2016	$5.212	$4.990	$4.941	$4.587	$5.120	$6.543	$5.997	$5.752	$6.040	$6.911	$6.728	$6.263
FY 2017	$5.469	$5.328	$5.088	$5.220	$5.671	$7.082	$6.319	$6.348	$6.550	$7.556	$7.469	$6.730
FY 2018	$5.898	$5.689	$5.408	$5.720	$6.850	$8.427	$7.754	$7.608	$7.472	$8.079	$8.192	$7.584
FY 2019	$6.180	$6.068	$6.127	$6.350	$6.987	$8.199	$7.425	$7.105	$7.151			

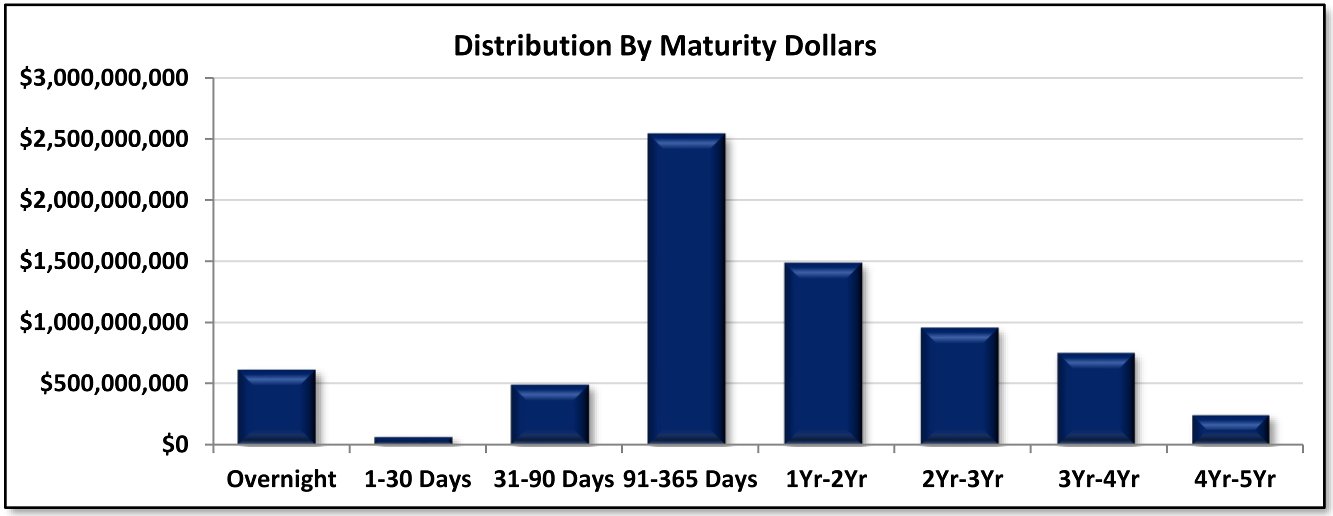
Amounts in billions

Santa Clara County Commingled Pool

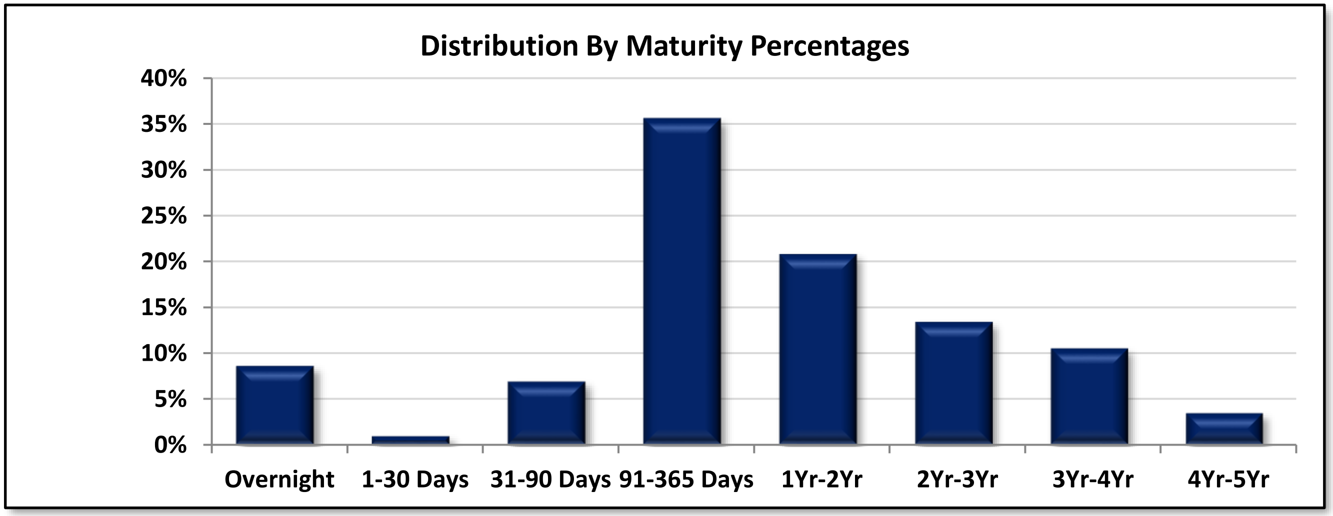
Distribution by Maturity

March 31, 2019

Maturity	Amount*
Overnight	612,833,164
1-30 Days	63,847,404
31-90 Days	491,672,432
91-365 Days	2,543,445,214
1Yr-2Yr	1,486,398,428
2Yr-3Yr	958,584,079
3Yr-4Yr	751,066,624
4Yr-5Yr	242,833,675
	7,150,681,019



Maturity	Amount*
Overnight	8.57%
1-30 Days	0.89%
31-90 Days	6.88%
91-365 Days	35.57%
1Yr-2Yr	20.79%
2Yr-3Yr	13.41%
3Yr-4Yr	10.50%
4Yr-5Yr	3.40%
	100.00%

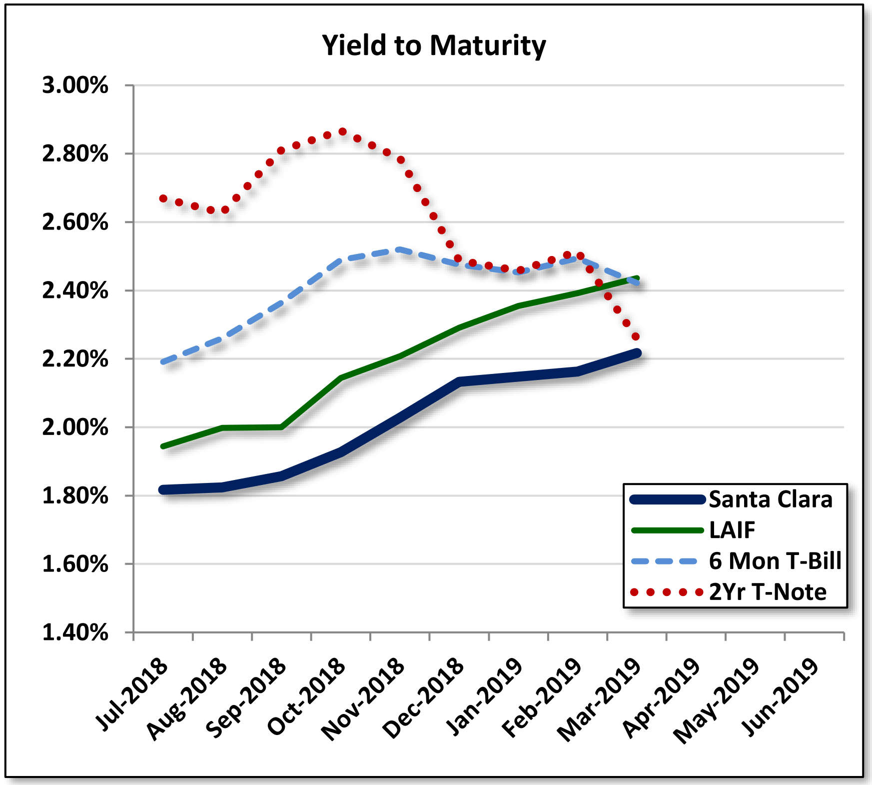


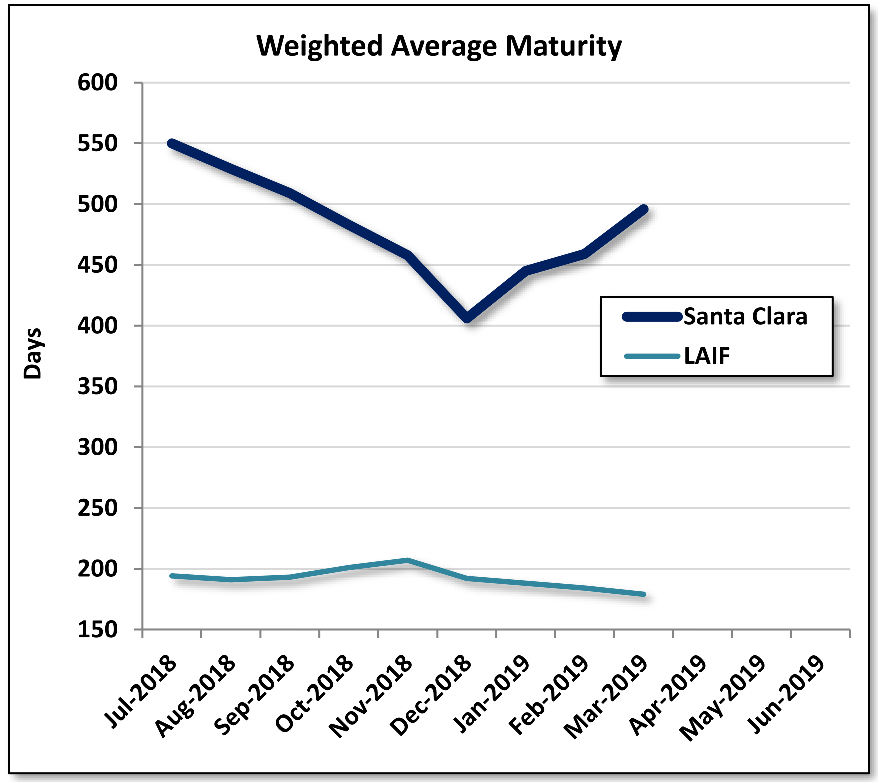
*Amounts are based on book value

Santa Clara County Commingled Pool

Yield to Maturity and Weighted Average Maturity

March 31, 2019





Item	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
SCC YTM	1.82%	1.82%	1.86%	1.93%	2.03%	2.13%	2.15%	2.16%	2.22%			
LAIF YTM	1.94%	2.00%	2.00%	2.14%	2.21%	2.29%	2.36%	2.39%	2.44%			
6 Mon T-Bill	2.19%	2.26%	2.36%	2.49%	2.52%	2.48%	2.45%	2.49%	2.42%			
2Yr T-Note	2.67%	2.63%	2.81%	2.87%	2.79%	2.49%	2.46%	2.51%	2.26%			
SCC WAM	550	529	509	483	458	406	445	459	496			
LAIF WAM	194	191	193	201	207	192	188	184	179			

Santa Clara County

Approved Issuers and Broker/Dealers

March 31, 2019

Direct Commercial Paper Issuers

Toyota Motor Credit
US Bank, NA
Dexia Credit Local, NY

Broker/Dealers

Academy Securities, Inc
Bank of America Merrill Lynch
Barclays Capital, Inc
BMO Capital Markets
BNP Paribas Securities Corp
BNY Mellon Capital Markets, LLC
BOK Financial Securities (Bank of Oklahoma)
Brean Capital LLC
Cantor Fitzgerald & Co
Citigroup Global Markets Inc
Daiwa Capital Markets America Inc
Deutsche Bank Securities Inc
FTN Financial Capital Markets
Incapital LLC
Jefferies & Co
JP Morgan Securities, Inc
Keybanc Capital Markets, Inc
Loop Capital Markets LLC
Mizuho Securities USA, Inc
MUFG Securities USA LLC
Raymond James, Inc.
RBC Capital Markets, Inc
UBS Financial Serviec Inc
Vining Sparks LP
Williams Capital

Santa Clara County Commingled Pool

Compliance with Investment Policy

March 31, 2019

Item/Sector	Parameters	In Compliance
Maturity	Weighted Average Maturity (WAM) must be less than 24 months	Yes
Interest Periods	Securities must pay interest within one year of the initial investment and at least semiannually in subsequent years	Yes
Investment Swaps	Similar maturity swaps, so as not to affect cash flow needs, should have minimum 5 basis point gain	Yes
Issuer Limits	No more than 5% of the portfolio shall be invested in aggregate of any single institution of the following types: Bankers Acceptances, CP, Negotiable CDs, and Corporate Notes	Yes
U.S. Treasuries	No sector limit, no issuer limit, max maturity 5 years	Yes
U.S. Federal Agencies	No sector limit, no issuer limit, max maturity 5 years	Yes
LAIF	No sector limit, no issuer limit, CA State's deposit limit $65 million	Yes
Repurchase Agreements	No sector limit, no Issuer limit, max maturity 92 days, treasury and agency collateral at 102% of investment, if maturity exceeds 15 days, must be collateralized by securities with 5 years or less maturities	Yes
Commercial Paper	Sector limit 40%, issuer limit 5%, max maturity 270 days, rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), issued by domestic corporation w/ at least $500 mil of assets, and long term debt rated by at least two: AA- (S&P/Fitch)/Aa3 (Moody's)	Yes
Corporate Bonds	Sector limit 30%, issuer limit 5%, max maturity 5 years, rated by at least two: AA- (S&P/Fitch)/Aa3 (Moody's), issued by domestic corps/depositories	Yes
Money Market Funds	Sector limit 20%, issuer limit 10%, rated by at least two: AAA-m (S&P/Fitch)/Aaa-mf (Moody's), MMF has at least $500 mil managed	Yes
Negotiable Certificates of Deposit	Sector limit 30%, issuer limit 5%, max maturity 5 years, if under 1 year rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), if greater than 1 year rated by at least two: AA- (S&P/Fitch)/Aa3 (Moody's)	Yes
Municipal Securities	Sector limit 10%, no issuer limit, State of CA, local CA agencies, and other municipal securities of the other 49 states, if long-term rated, then by at least two: A- (S&P/Fitch)/A3 (Moody's), if short-term rated, then by at least two: SP-1 (S&P), MIG-1 (Moody's), F-1 (Fitch), revenue based bonds payable solely out of the States' or local agencies' revenues	Yes
Mortgage-Backed Securities	Sector limit 20% in aggregate with ABS, no issuer limit, max maturity 5 years, collateralized by pools of conforming residential mortgage loans insured by FHLMC/FNMA and residential mortgages guaranteed by FHA (GNMA)	Yes
Asset-Backed Securities	Sector limit 20% in aggregate with ABS, no issuer limit, max maturity 5 years, collateralized by pools of loans such as installment/receivables, security must be rated by at least two: AA- (S&P/Fitch), Aa3 (Moody's), issuer rated by at least two: A- (S&P/Fitch), A3 (Moody's)	Yes
Supranational Debt Obligations	Sector limit 10%, max maturity 5 years, issued or unconditionally gauranteed by the IBRD, rated by at least two: AAA (S&P/Fitch), Aaa (Moody's)	Yes
Bankers' Acceptances	Sector limit 40%, issuer limit 5%, max maturity 180 days, rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), issued by commercial banks , collateral must exceed market value of security by 2%	Yes, None in Portfolio
Securities Lending	Sector limit 20%, max maturity 92 days for loans and reinvestment, loan counterparty must be a primary dealer, loaned securities must be owned for at least 30 days	Yes, None in Portfolio

Santa Clara County Commingled Pool

Allocation by Security Types

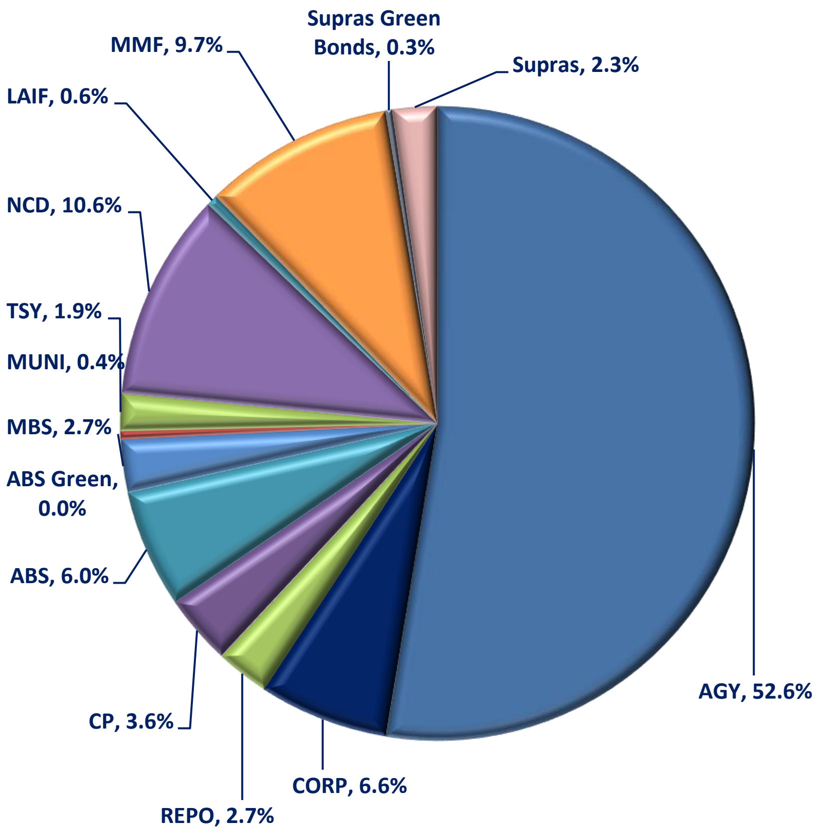
For the Month Ended January 31, 2019

Average Daily Balance	**$ 7,826,109,442.80**
Book Yield	**2.148%**
Weighted Average Maturity	**445 Days**

Investment Type	Par Value (Millions)	Book Value* (Millions)	Value (Millions)
Federal Agencies	$ 3,917.34	$ 3,914.44	$ 3,890.13
Corporate Bonds	491.63	490.76	489.36
Repurchase Agreements	200.00	200.00	200.00
Commercial Paper	265.00	264.19	264.21
Asset-Backed Securities	446.73	446.67	445.30
Asset-Backed Sec Green Bds	0.86	0.86	0.86
Mortgage Backed Securities	199.08	199.78	200.12
Municipal Securities	31.97	32.00	31.52
U.S. Treasuries	140.00	139.35	139.17
Negotiable CDs	785.00	785.00	785.53
LAIF	41.52	41.52	41.52
Money Market Funds	715.10	715.10	715.10
Supranationals Green Bonds	25.00	25.00	25.01
Supranationals	170.00	170.13	169.10
Total	**$ 7,429.24**	**$ 7,424.79**	**$ 7,396.93**

*Represents Amortized Book Value

Asset Allocation By Market Value



Santa Clara County Commingled Pool

Allocation by Security Types

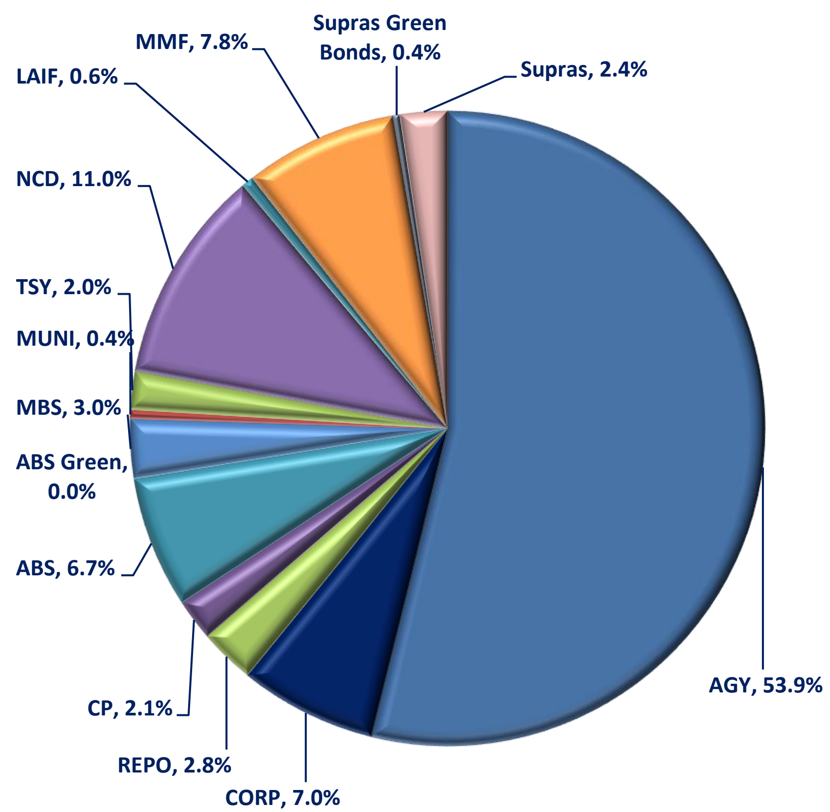
For the Month Ended February 28, 2019

Average Daily Balance	**$ 7,288,761,588.25**
Book Yield	**2.163%**
Weighted Average Maturity	**459 Days**

Investment Type	Par Value (Millions)	Book Value* (Millions)	Value (Millions)
Federal Agencies	$ 3,841.75	$ 3,838.47	$ 3,814.52
Corporate Bonds	494.63	493.82	492.43
Repurchase Agreements	200.00	200.00	200.00
Commercial Paper	150.00	148.51	148.54
Asset-Backed Securities	474.74	474.61	473.89
Asset-Backed Sec Green Bds	0.68	0.68	0.68
Mortgage Backed Securities	212.76	213.75	214.08
Municipal Securities	31.97	32.00	31.55
U.S. Treasuries	140.00	139.46	139.29
Negotiable CDs	775.00	775.00	775.82
LAIF	41.52	41.52	41.52
Money Market Funds	551.96	551.96	551.96
Supranationals Green Bonds	25.00	25.00	25.01
Supranationals	170.00	170.12	169.19
Total	**$ 7,110.02**	**$ 7,104.91**	**$ 7,078.49**

*Represents Amortized Book Value

Asset Allocation By Market Value



SANTA CLARA COUNTY INVESTMENTS
Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Negotiable CDs											
06052TD80	39143	BANK OF AMERICA	01/09/2019	60,000,000.00	60,000,000.00	60,054,240.00	2.810	2.755	2.794	07/08/2019	98
06370RNQ8	38957	BANK OF MONTREAL CHICAGO	11/07/2018	50,000,000.00	50,000,000.00	50,064,850.00	2.880	2.880	2.920	07/31/2019	121
06370RRU5	39081	BANK OF MONTREAL CHICAGO	12/18/2018	50,000,000.00	50,000,000.00	50,059,250.00	2.880	2.880	2.920	07/15/2019	105
05586FGN1	38949	BNP PARIBAS NY BRANCH	11/05/2018	50,000,000.00	50,000,000.00	50,061,600.00	2.930	2.930	2.970	08/05/2019	126
05586FXA0	39304	BNP PARIBAS NY BRANCH	03/13/2019	50,000,000.00	50,000,000.00	50,020,000.00	2.690	2.690	2.727	02/21/2020	326
06417G3L0	39046	BANK OF NOVA SCOTIA HOUSTON	12/10/2018	60,000,000.00	60,000,000.00	60,055,800.00	2.880	2.880	2.920	07/08/2019	98
06417G5U8	39351	BANK OF NOVA SCOTIA HOUSTON	03/27/2019	45,000,000.00	45,000,000.00	44,996,265.00	2.580	2.580	2.615	01/17/2020	291
22535CAQ4	39008	Credit Agricole CIB NY	11/27/2018	40,000,000.00	40,000,000.00	40,071,640.00	2.980	2.980	3.021	08/26/2019	147
13606BK54	39015	Canadian IMP BK COMM NY	11/28/2018	50,000,000.00	50,000,000.00	50,087,550.00	2.970	2.970	3.011	08/26/2019	147
13606BQ33	39252	Canadian IMP BK COMM NY	02/20/2019	50,000,000.00	50,000,000.00	50,010,600.00	2.580	2.580	2.615	08/26/2019	147
17305TC83	39054	CITI BANK NA	12/11/2018	50,000,000.00	50,000,000.00	50,038,200.00	2.920	2.920	2.960	06/10/2019	70
25215FEK6	39061	DEXIA	12/12/2018	30,000,000.00	30,000,000.00	30,015,480.00	2.750	2.750	2.788	06/07/2019	67
25215FES9	39336	DEXIA	03/22/2019	45,000,000.00	45,000,000.00	44,997,705.00	2.550	2.550	2.585	01/22/2020	296
21685V7C7	39087	RABOBANK	12/18/2018	50,000,000.00	50,000,000.00	50,042,350.00	2.850	2.850	2.889	07/19/2019	109
21685V6U8	38984	RABOBANK	11/20/2018	50,000,000.00	50,000,000.00	50,041,500.00	2.850	2.850	2.889	07/19/2019	109
78012UDV4	38751	ROYAL BANK OF CANADA	05/23/2018	15,000,000.00	15,000,000.00	15,003,030.00	2.660	2.660	2.696	05/24/2019	53
78012UGJ8	38848	ROYAL BANK OF CANADA	08/29/2018	20,000,000.00	20,000,000.00	20,003,000.00	2.630	2.630	2.666	07/05/2019	95
78012UJP1	38908	ROYAL BANK OF CANADA	10/24/2018	25,000,000.00	25,000,000.00	25,027,225.00	2.890	2.890	2.930	08/02/2019	123
78012UKV6	39045	ROYAL BANK OF CANADA	12/07/2018	45,000,000.00	45,000,000.00	45,043,875.00	2.900	2.900	2.940	07/12/2019	102
78012UMJ1	39300	ROYAL BANK OF CANADA	03/12/2019	45,000,000.00	45,000,000.00	45,032,220.00	2.640	2.640	2.676	01/13/2020	287
89114MMK0	38991	TORONTO DOMINION BANK	11/21/2018	45,000,000.00	45,000,000.00	45,066,735.00	3.000	3.000	3.041	08/16/2019	137
90333VZU7	38907	US BANK	10/24/2018	35,000,000.00	35,000,000.00	35,039,935.00	2.910	2.873	2.913	07/22/2019	112
			Subtotal and Average	**960,000,000.00**	**960,000,000.00**	**960,833,050.00**		**2.810**	**2.849**		**148**
Mortgage Backed Securities (MBS)											
3137AYCE9	38387	FHLMC Multi-Family	01/12/2018	20,157,000.00	20,000,000.00	20,075,740.00	2.682	2.199	2.230	10/25/2022	1,303
3137AYCE9	38391	FHLMC Multi-Family	01/16/2018	7,555,078.13	7,500,000.00	7,528,402.50	2.682	2.209	2.239	10/25/2022	1,303
3137AWQH1	38465	FHLMC Multi-Family	02/22/2018	5,460,553.13	5,580,000.00	5,551,528.61	2.307	3.155	3.198	08/25/2022	1,242
3137B36J2	38643	FHLMC Multi-Family	03/20/2018	20,345,312.50	20,000,000.00	20,540,052.00	3.320	2.865	2.905	02/25/2023	1,426
3137AYCE9	38666	FHLMC Multi-Family	04/17/2018	11,616,539.06	11,745,000.00	11,789,478.32	2.682	3.032	3.074	10/25/2022	1,303
3137AYCE9	38744	FHLMC Multi-Family	06/05/2018	19,788,281.25	20,000,000.00	20,075,740.00	2.682	3.070	3.112	10/25/2022	1,303

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Mortgage Backed Securities (MBS)											
3137B4WB8	38854	FHLMC Multi-Family	09/12/2018	4,768,285.16	4,775,000.00	4,859,931.97	3.060	2.968	3.009	07/25/2023	1,576
3137B5JM6	38864	FHLMC Multi-Family	09/25/2018	10,135,937.50	10,000,000.00	10,357,002.00	3.531	2.710	2.748	07/25/2023	1,576
3137B3NA2	38945	FHLMC Multi-Family	11/02/2018	10,605,782.00	10,605,782.00	10,866,870.90	3.250	3.173	3.217	04/25/2023	1,485
3137B5KW2	39026	FHLMC Multi-Family	12/03/2018	10,092,187.50	10,000,000.00	10,326,643.00	3.458	3.164	3.208	08/25/2023	1,607
3137FBUV6	39093	FHLMC Multi-Family	12/20/2018	19,987,500.00	20,000,000.00	19,981,866.00	2.723	2.561	2.597	07/25/2020	481
3137B04Y7	39295	FHLMC Multi-Family	03/11/2019	26,755,312.50	27,000,000.00	26,944,037.10	2.615	2.944	2.985	01/25/2023	1,395
3137BQR90	39342	FHLMC Multi-Family	03/26/2019	23,034,375.00	23,400,000.00	23,015,208.06	2.272	2.637	2.674	01/25/2023	1,395
3138LAYM5	38477	FNMA Multi-Family	02/27/2018	3,485,565.08	3,525,223.86	3,516,411.15	2.550	2.795	2.834	09/01/2022	1,249
3136B1XP4	38664	FNMA Multi-Family	04/30/2018	3,521,409.37	3,452,731.10	3,496,253.47	3.560	2.746	2.784	09/25/2021	908
3136B1XP4	38665	FNMA Multi-Family	04/30/2018	3,521,409.37	3,452,731.10	3,496,253.47	3.560	2.746	2.784	09/25/2021	908
31381N7G2	38884	FNMA Multi-Family	10/11/2018	3,457,984.00	3,448,823.06	3,473,292.25	3.270	3.045	3.088	10/01/2020	549
31381TYT1	39150	FNMA Multi-Family	01/14/2019	29,935,825.37	29,993,234.29	30,203,836.88	2.750	2.670	2.707	03/01/2022	1,065
31381RZ23	39158	FNMA Multi-Family	01/16/2019	14,864,761.32	14,531,557.26	14,845,993.71	3.840	2.825	2.865	08/01/2021	853
31381RLL6	39218	FNMA Multi-Family	02/07/2019	12,137,037.54	11,882,674.05	12,192,350.56	3.840	2.833	2.872	07/01/2021	822
31381RLL6	39219	FNMA Multi-Family	02/07/2019	2,025,951.65	1,983,492.51	2,035,184.67	3.840	2.833	2.872	07/01/2021	822
3138LGKH8	39319	FNMA Multi-Family	03/19/2019	24,609,375.00	25,000,000.00	24,800,556.75	2.470	2.794	2.833	01/01/2024	1,736
			Subtotal and Average	**287,861,462.43**	**287,876,249.23**	**289,972,633.37**		**2.783**	**2.821**		**1,246**
Federal Agency Bonds											
3133EEWG1	35799	FFCB NOTES	04/01/2015	9,950,000.00	9,950,000.00	9,950,000.00	1.300	1.353	1.371	04/01/2019	0
3133EF4Y0	36726	FFCB NOTES	04/27/2016	26,852,656.72	26,855,000.00	26,829,407.19	1.000	1.112	1.128	04/26/2019	25
3133EGWH4	37018	FFCB NOTES	09/30/2016	10,004,692.16	10,000,000.00	9,745,900.00	1.280	1.243	1.260	09/29/2021	912
3133EGT47	37194	FFCB NOTES	12/08/2016	10,000,000.00	10,000,000.00	9,918,120.00	2.010	1.982	2.010	12/08/2021	982
3133EG2D6	37305	FFCB NOTES	12/30/2016	25,004,680.85	25,000,000.00	24,905,000.00	1.550	1.490	1.511	09/27/2019	179
3133EG5D3	37378	FFCB NOTES	01/27/2017	5,000,000.00	5,000,000.00	4,960,740.00	2.030	2.002	2.030	01/27/2022	1,032
3133EG6C4	37404	FFCB NOTES	02/03/2017	14,999,412.78	15,000,000.00	14,896,395.00	1.550	1.533	1.554	02/03/2020	308
3133EHBA0	37502	FFCB NOTES	03/02/2017	19,993,134.81	20,000,000.00	19,841,480.00	1.520	1.537	1.558	03/02/2020	336
3133EHEZ2	37639	FFCB NOTES	04/06/2017	15,000,000.00	15,000,000.00	14,883,000.00	1.600	1.578	1.600	04/06/2020	371
3133EHFL2	37665	FFCB NOTES	04/13/2017	14,998,021.17	15,000,000.00	14,865,765.00	1.550	1.541	1.563	04/13/2020	378
3133EHFL2	37666	FFCB NOTES	04/13/2017	9,998,932.22	10,000,000.00	9,910,510.00	1.550	1.539	1.560	04/13/2020	378
3133EHFL2	37667	FFCB NOTES	04/13/2017	9,998,932.22	10,000,000.00	9,910,510.00	1.550	1.539	1.560	04/13/2020	378
3133EHGA5	37725	FFCB NOTES	04/21/2017	25,001,833.33	25,000,000.00	24,875,075.00	1.440	1.406	1.426	10/21/2019	203

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds											
3133EHHG1	37761	FFCB NOTES	05/03/2017	5,000,000.00	5,000,000.00	4,938,820.00	1.750	1.726	1.750	05/03/2021	763
3133EHHG1	37762	FFCB NOTES	05/03/2017	10,000,000.00	10,000,000.00	9,877,640.00	1.750	1.726	1.750	05/03/2021	763
3133EHJA2	37793	FFCB NOTES	05/08/2017	34,995,882.96	35,000,000.00	34,696,025.00	1.550	1.539	1.561	05/08/2020	403
3133EHKH5	37841	FFCB NOTES	05/23/2017	12,004,123.79	12,000,000.00	11,879,424.00	1.570	1.522	1.543	07/23/2020	479
3133EHMR1	37901	FFCB NOTES	06/12/2017	5,000,000.00	5,000,000.00	4,990,355.00	1.375	1.356	1.375	06/12/2019	72
3133EHMR1	37905	FFCB NOTES	06/12/2017	5,000,000.00	5,000,000.00	4,990,355.00	1.375	1.356	1.375	06/12/2019	72
3133EHWM1	38024	FFCB NOTES	09/01/2017	3,003,697.50	3,000,000.00	2,955,255.00	1.700	1.624	1.647	09/01/2021	884
3133EHWM1	38025	FFCB NOTES	09/01/2017	5,000,000.00	5,000,000.00	4,925,425.00	1.700	1.676	1.700	09/01/2021	884
3133EHWM1	38026	FFCB NOTES	09/01/2017	7,009,431.04	7,000,000.00	6,895,595.00	1.700	1.619	1.642	09/01/2021	884
3133EHZA4	38046	FFCB NOTES	09/20/2017	9,981,047.01	10,000,000.00	9,838,760.00	1.660	1.715	1.739	09/20/2021	903
3133EHJ95	38081	FFCB NOTES	10/26/2017	9,998,168.98	10,000,000.00	9,910,560.00	1.750	1.737	1.762	10/26/2020	574
3133EHJ95	38082	FFCB NOTES	10/26/2017	4,997,645.83	5,000,000.00	4,955,280.00	1.750	1.756	1.780	10/26/2020	574
3133EHP31	38126	FFCB NOTES	11/10/2017	9,973,702.97	9,975,000.00	9,880,267.42	1.950	1.928	1.955	11/02/2021	946
3133EHW58	38169	FFCB NOTES	11/27/2017	14,997,516.67	15,000,000.00	14,893,515.00	1.900	1.943	1.970	11/27/2020	606
3133EHW58	38204	FFCB NOTES	12/01/2017	21,521,710.22	21,550,000.00	21,397,016.55	1.900	1.954	1.982	11/27/2020	606
3133EGYC3	38310	FFCB NOTES	12/20/2017	8,368,045.93	8,550,000.00	8,379,461.70	1.730	2.338	2.371	10/12/2022	1,290
3133EJGH6	38506	FFCB NOTES	03/15/2018	23,003,836.30	23,000,000.00	23,037,122.00	2.440	2.395	2.429	10/15/2020	563
3133EJHS1	38544	FFCB NOTES	03/27/2018	24,499,859.53	24,500,000.00	24,496,300.50	2.250	2.222	2.253	06/27/2019	87
3133EJHL6	38545	FFCB NOTES	03/27/2018	9,995,648.89	10,000,000.00	10,020,690.00	2.375	2.387	2.420	03/27/2020	361
3133EJLU1	38629	FFCB NOTES	04/24/2018	14,996,511.90	15,000,000.00	15,004,380.00	2.420	2.829	2.869	01/24/2020	298
3133EJLU1	38630	FFCB NOTES	04/24/2018	29,996,093.33	30,000,000.00	30,008,760.00	2.420	2.814	2.854	01/24/2020	298
3133EJPX1	38718	FFCB NOTES	05/21/2018	4,982,092.73	5,000,000.00	5,097,345.00	2.875	3.253	3.299	12/21/2022	1,360
3133EJSU4	38831	FFCB NOTES	06/29/2018	10,001,332.40	10,000,000.00	10,011,420.00	2.530	2.476	2.511	12/26/2019	269
3133EJTT6	38837	FFCB NOTES	07/05/2018	4,997,041.33	5,000,000.00	5,024,405.00	2.625	2.623	2.659	01/05/2021	645
3133EJTT6	38838	FFCB NOTES	07/05/2018	4,997,041.33	5,000,000.00	5,024,405.00	2.625	2.623	2.659	01/05/2021	645
3133EJZH5	38878	FFCB NOTES	10/05/2018	13,891,968.77	14,000,000.00	14,221,438.00	2.800	2.997	3.038	09/13/2022	1,261
3133EJK24	38943	FFCB NOTES	11/01/2018	14,998,194.94	15,000,000.00	15,246,555.00	3.000	2.963	3.004	10/19/2021	932
3133EJW70	38999	FFCB NOTES	11/26/2018	34,974,984.72	35,000,000.00	35,382,585.00	2.875	2.869	2.909	05/26/2021	786
3133EJW70	39023	FFCB NOTES	11/30/2018	26,802,725.67	26,825,000.00	27,118,224.08	2.875	2.875	2.915	05/26/2021	786
3133EJ3B3	39075	FFCB NOTES	12/17/2018	9,988,613.33	10,000,000.00	10,124,030.00	2.800	2.805	2.844	12/17/2021	991
3133EJY60	39105	FFCB NOTES	12/24/2018	12,599,537.11	12,500,000.00	12,822,700.00	3.020	2.765	2.803	03/03/2023	1,432
3133EJ3B3	39108	FFCB NOTES	12/24/2018	4,307,470.54	4,300,000.00	4,353,332.90	2.800	2.695	2.732	12/17/2021	991

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds											
3133EJ4Q9	39157	FFCB NOTES	01/16/2019	19,983,351.05	20,000,000.00	20,072,440.00	2.550	2.562	2.598	01/11/2021	651
3133EJ5V7	39165	FFCB NOTES	01/18/2019	14,847,323.00	14,875,000.00	15,036,111.13	2.625	2.640	2.676	01/18/2023	1,388
3133EJ5P0	39173	FFCB NOTES	01/25/2019	9,986,016.50	10,000,000.00	10,075,320.00	2.600	2.615	2.652	01/18/2022	1,023
3133EKCS3	39296	FFCB NOTES	03/11/2019	20,016,333.33	20,000,000.00	20,072,260.00	2.550	2.472	2.506	03/11/2021	710
3133EKEW2	39357	FFCB NOTES	03/28/2019	19,986,238.33	20,000,000.00	19,987,480.00	2.280	2.272	2.303	03/28/2022	1,092
313383VN8	35826	FHLB NOTES	04/09/2015	9,487,179.64	9,460,000.00	9,439,623.16	2.000	1.321	1.340	09/13/2019	165
313383VN8	35827	FHLB NOTES	04/09/2015	25,226,045.99	25,155,000.00	25,100,816.13	2.000	1.332	1.351	09/13/2019	165
3130A5Z77	36288	FHLB NOTES	10/21/2015	5,021,688.07	5,000,000.00	4,963,620.00	1.830	1.469	1.490	07/29/2020	485
3130A5Z77	36289	FHLB NOTES	10/19/2015	5,024,650.35	5,000,000.00	4,963,620.00	1.830	1.424	1.444	07/29/2020	485
3130A5Z77	36298	FHLB NOTES	10/23/2015	5,024,136.77	5,000,000.00	4,963,620.00	1.830	1.432	1.452	07/29/2020	485
3130A5Z77	36308	FHLB NOTES	10/26/2015	10,039,624.05	10,000,000.00	9,927,240.00	1.830	1.498	1.519	07/29/2020	485
3130A5Z77	36310	FHLB NOTES	10/26/2015	5,020,342.21	5,000,000.00	4,963,620.00	1.830	1.490	1.511	07/29/2020	485
313379EE5	36402	FHLB NOTES	12/02/2015	17,206,060.84	17,200,000.00	17,172,824.00	1.625	1.243	1.261	06/14/2019	74
313379EE5	36550	FHLB NOTES	02/05/2016	15,015,107.20	15,000,000.00	14,976,300.00	1.625	1.102	1.117	06/14/2019	74
3130A7PU3	36679	FHLB NOTES	04/11/2016	10,005,214.29	10,000,000.00	9,874,990.00	1.200	1.131	1.147	04/06/2020	371
313378J77	36756	FHLB NOTES	05/12/2016	15,104,940.26	15,000,000.00	14,917,770.00	1.875	1.105	1.120	03/13/2020	347
313378J77	36760	FHLB NOTES	05/13/2016	6,040,341.13	6,000,000.00	5,967,108.00	1.875	1.133	1.149	03/13/2020	347
3133834H1	36877	FHLB NOTES	07/12/2016	15,056,121.70	15,000,000.00	14,810,400.00	1.375	1.040	1.055	06/12/2020	438
313378J77	36886	FHLB NOTES	07/15/2016	15,110,890.52	15,000,000.00	14,917,770.00	1.875	1.055	1.069	03/13/2020	347
313380WG8	36993	FHLB NOTES	09/30/2016	19,571,286.84	19,500,000.00	19,224,972.00	1.375	1.100	1.115	09/11/2020	529
313380WG8	37022	FHLB NOTES	10/06/2016	12,024,915.90	12,000,000.00	11,830,752.00	1.375	1.210	1.227	09/11/2020	529
3133834H1	37037	FHLB NOTES	10/13/2016	10,015,488.55	10,000,000.00	9,873,600.00	1.375	1.225	1.242	06/12/2020	438
313380WG8	37054	FHLB NOTES	10/24/2016	10,022,333.57	10,000,000.00	9,858,960.00	1.375	1.199	1.216	09/11/2020	529
313383HU8	37058	FHLB NOTES	10/19/2016	15,102,858.99	15,000,000.00	14,878,275.00	1.750	1.147	1.163	06/12/2020	438
313380WG8	37072	FHLB NOTES	10/28/2016	13,881,161.13	13,860,000.00	13,664,518.56	1.375	1.248	1.266	09/11/2020	529
3130AA3R7	37108	FHLB NOTES	11/17/2016	34,998,327.27	35,000,000.00	34,781,110.00	1.375	1.363	1.382	11/15/2019	228
3130AABG2	37149	FHLB NOTES	11/30/2016	14,968,208.67	15,000,000.00	14,840,400.00	1.875	1.931	1.957	11/29/2021	973
3130AADN5	37289	FHLB NOTES	12/28/2016	40,000,301.60	40,000,000.00	39,899,160.00	1.375	1.353	1.371	06/28/2019	88
3130A8Y72	37372	FHLB NOTES	01/26/2017	34,932,154.68	35,000,000.00	34,808,550.00	0.875	1.430	1.450	08/05/2019	126
313382K69	37711	FHLB NOTES	04/13/2017	25,877,368.78	25,860,000.00	25,573,031.58	1.750	1.690	1.714	03/12/2021	711
313378CR0	37726	FHLB NOTES	04/19/2017	25,301,997.73	25,000,000.00	24,951,925.00	2.250	1.794	1.819	03/11/2022	1,075
313378J77	37778	FHLB NOTES	04/28/2017	14,044,040.35	14,000,000.00	13,923,252.00	1.875	1.513	1.535	03/13/2020	347

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds											
3130ABDX1	37816	FHLB NOTES	05/24/2017	30,000,000.00	30,000,000.00	29,955,510.00	1.400	1.380	1.400	05/24/2019	53
313379RB7	37961	FHLB NOTES	06/30/2017	5,013,537.30	5,000,000.00	4,948,125.00	1.875	1.722	1.746	06/11/2021	802
3130ACE26	38033	FHLB NOTES	09/08/2017	21,965,524.60	22,000,000.00	21,671,056.00	1.375	1.462	1.482	09/28/2020	546
3130A3UQ5	38102	FHLB NOTES	11/03/2017	10,011,239.71	10,000,000.00	9,921,070.00	1.875	1.781	1.806	12/11/2020	620
3130ACUK8	38178	FHLB NOTES	11/28/2017	25,000,000.00	25,000,000.00	24,779,975.00	2.000	1.972	2.000	05/28/2021	788
313383HU8	38247	FHLB NOTES	12/08/2017	24,946,959.35	25,000,000.00	24,797,125.00	1.750	1.905	1.932	06/12/2020	438
3130A66T9	38269	FHLB NOTES	12/13/2017	24,872,500.00	25,000,000.00	24,736,675.00	1.625	1.961	1.989	09/11/2020	529
3130ADJH6	38418	FHLB NOTES	01/29/2018	7,613,266.53	7,615,000.00	7,593,533.32	2.100	2.099	2.128	01/29/2020	303
313370US5	38436	FHLB NOTES	02/05/2018	5,038,361.11	5,000,000.00	5,033,075.00	2.875	2.292	2.324	09/11/2020	529
313379EE5	38469	FHLB NOTES	02/21/2018	24,972,412.79	25,000,000.00	24,960,500.00	1.625	2.149	2.179	06/14/2019	74
3130ADUY6	38570	FHLB NOTES	04/06/2018	31,570,839.95	31,575,000.00	31,604,112.15	2.450	2.425	2.459	09/21/2020	539
3130ADXU1	38578	FHLB NOTES	04/09/2018	19,992,233.65	20,000,000.00	19,977,480.00	2.320	2.340	2.372	01/09/2020	283
3130A02T6	38596	FHLB NOTES	04/13/2018	25,005,797.06	25,000,000.00	24,990,375.00	2.375	2.289	2.321	09/13/2019	165
3130A8Y72	38615	FHLB NOTES	04/19/2018	24,874,469.96	25,000,000.00	24,863,250.00	0.875	2.330	2.363	08/05/2019	126
3130AECJ7	38733	FHLB NOTES	05/21/2018	9,997,935.08	10,000,000.00	10,021,550.00	2.625	2.607	2.643	05/28/2020	423
3130AFB63	38896	FHLB NOTES	10/22/2018	14,987,341.67	15,000,000.00	15,145,635.00	2.950	2.958	2.999	01/22/2021	662
3130AFB63	38901	FHLB NOTES	10/23/2018	4,995,775.34	5,000,000.00	5,048,545.00	2.950	2.958	2.999	01/22/2021	662
3130AFB63	38920	FHLB NOTES	10/26/2018	25,005,250.00	25,000,000.00	25,242,725.00	2.950	2.898	2.939	01/22/2021	662
3130AFB63	38922	FHLB NOTES	10/26/2018	5,000,686.54	5,000,000.00	5,048,545.00	2.950	2.902	2.943	01/22/2021	662
313370E38	38978	FHLB NOTES	11/19/2018	20,127,386.15	20,000,000.00	20,211,680.00	3.375	2.787	2.826	06/12/2020	438
3130AFE78	39016	FHLB NOTES	11/29/2018	14,343,560.12	14,350,000.00	14,715,953.70	3.000	2.970	3.012	12/09/2022	1,348
3130A0F70	39069	FHLB NOTES	12/14/2018	10,195,688.24	10,000,000.00	10,454,830.00	3.375	2.883	2.923	12/08/2023	1,712
3130A0F70	39106	FHLB NOTES	12/24/2018	3,584,827.54	3,500,000.00	3,659,190.50	3.375	2.778	2.817	12/08/2023	1,712
3130ABFD3	39138	FHLB NOTES	01/08/2019	15,003,776.48	15,000,000.00	15,153,435.00	2.625	2.580	2.616	06/07/2022	1,163
3130AB3H7	39362	FHLB NOTES	03/29/2019	14,319,604.16	14,250,000.00	14,269,650.75	2.375	2.238	2.269	03/08/2024	1,803
3137EADM8	35873	FHLMC NOTES	04/16/2015	29,990,566.81	30,000,000.00	29,817,900.00	1.250	1.296	1.314	10/02/2019	184
3137EADM8	36322	FHLMC NOTES	10/29/2015	9,994,530.29	10,000,000.00	9,939,300.00	1.250	1.343	1.362	10/02/2019	184
3137EADM8	36332	FHLMC NOTES	11/04/2015	18,329,784.11	18,350,000.00	18,238,615.50	1.250	1.456	1.476	10/02/2019	184
3137EADM8	36337	FHLMC NOTES	11/06/2015	7,988,712.60	8,000,000.00	7,951,440.00	1.250	1.519	1.540	10/02/2019	184
3137EADM8	36340	FHLMC NOTES	11/09/2015	9,983,086.89	10,000,000.00	9,939,300.00	1.250	1.576	1.598	10/02/2019	184
3137EAEC9	36989	FHLMC NOTES	09/27/2016	19,929,786.44	20,000,000.00	19,456,500.00	1.125	1.261	1.278	08/12/2021	864
3137EAEC9	36992	FHLMC NOTES	09/29/2016	9,967,862.98	10,000,000.00	9,728,250.00	1.125	1.248	1.265	08/12/2021	864

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds											
3137EAEE5	37443	FHLMC NOTES	02/09/2017	20,003,514.18	20,000,000.00	19,849,740.00	1.500	1.456	1.477	01/17/2020	291
3134G3A91	37454	FHLMC NOTES	01/19/2017	19,999,607.07	20,000,000.00	19,920,040.00	1.400	1.385	1.404	08/22/2019	143
3134GA6W9	37580	FHLMC NOTES	02/28/2017	11,150,000.00	11,150,000.00	11,105,623.00	1.500	1.479	1.500	08/28/2019	149
3137EAEF2	37835	FHLMC NOTES	04/20/2017	44,945,992.50	45,000,000.00	44,511,075.00	1.375	1.471	1.491	04/20/2020	385
3137EAEJ4	38057	FHLMC NOTES	09/29/2017	14,986,475.28	15,000,000.00	14,839,245.00	1.625	1.663	1.687	09/29/2020	547
3137EAEK1	38135	FHLMC NOTES	11/15/2017	24,987,001.85	25,000,000.00	24,809,550.00	1.875	1.881	1.908	11/17/2020	596
3137EAEB1	38403	FHLMC NOTES	01/19/2018	24,916,300.00	25,000,000.00	24,880,850.00	0.875	1.985	2.013	07/19/2019	109
3137EAEL9	38462	FHLMC NOTES	02/16/2018	44,925,750.00	45,000,000.00	45,043,515.00	2.375	2.433	2.466	02/16/2021	687
3135G0UU5	35847	FNMA NOTES	04/13/2015	7,015,974.73	7,000,000.00	6,977,733.00	1.750	1.474	1.494	03/06/2020	340
3135G0UU5	35856	FNMA NOTES	04/14/2015	14,617,911.11	14,584,000.00	14,537,608.30	1.750	1.469	1.489	03/06/2020	340
3135G0A78	36347	FNMA NOTES	11/13/2015	9,996,269.23	10,000,000.00	9,935,520.00	1.625	1.650	1.672	01/21/2020	295
3135G0A78	36361	FNMA NOTES	11/18/2015	20,001,196.27	20,000,000.00	19,871,040.00	1.625	1.585	1.607	01/21/2020	295
3135G0A78	36383	FNMA NOTES	11/24/2015	9,997,423.51	10,000,000.00	9,935,520.00	1.625	1.635	1.658	01/21/2020	295
3135G0A78	36384	FNMA NOTES	11/24/2015	9,997,578.49	10,000,000.00	9,935,520.00	1.625	1.633	1.656	01/21/2020	295
3135G0N33	37253	FNMA NOTES	12/19/2016	19,956,578.58	20,000,000.00	19,894,240.00	0.875	1.515	1.536	08/02/2019	123
3135G0S38	37582	FNMA NOTES	02/09/2017	10,028,311.55	10,000,000.00	9,922,430.00	2.000	1.866	1.892	01/05/2022	1,010
3135G0T45	37783	FNMA NOTES	04/10/2017	39,891,539.61	40,000,000.00	39,560,640.00	1.875	1.943	1.970	04/05/2022	1,100
3135G0S38	38079	FNMA NOTES	10/25/2017	9,998,025.17	10,000,000.00	9,922,430.00	2.000	1.979	2.007	01/05/2022	1,010
3135G0S38	38142	FNMA NOTES	11/16/2017	11,391,881.18	11,395,000.00	11,306,608.99	2.000	1.982	2.010	01/05/2022	1,010
3135G0T78	38163	FNMA NOTES	11/22/2017	4,970,292.76	5,000,000.00	4,952,850.00	2.000	2.149	2.179	10/05/2022	1,283
3135G0T60	38209	FNMA NOTES	12/04/2017	9,949,294.14	10,000,000.00	9,884,540.00	1.500	1.866	1.892	07/30/2020	486
3135G0N33	38367	FNMA NOTES	01/05/2018	39,855,226.81	40,000,000.00	39,788,480.00	0.875	1.946	1.973	08/02/2019	123
880591EV0	38503	TENNESSEE VALLEY AUTHORITY	03/08/2018	19,979,558.73	20,000,000.00	19,955,960.00	2.250	2.327	2.360	03/15/2020	349
880591EV0	38815	TENNESSEE VALLEY AUTHORITY	06/21/2018	9,967,364.10	10,000,000.00	9,977,980.00	2.250	2.535	2.570	03/15/2020	349
			Subtotal and Average	**2,100,780,641.57**	**2,100,684,000.00**	**2,093,394,433.11**		**1.884**	**1.910**		**506**
Federal Agency Bonds - CALLABLE											
31422BDZ0	39341	FARMER MAC	03/25/2019	25,000,000.00	25,000,000.00	24,964,525.00	2.610	2.574	2.610	03/25/2022	1,089
3133EF2L0	36688	FFCB NOTES	04/13/2016	20,000,000.00	20,000,000.00	19,787,900.00	1.400	1.380	1.400	04/13/2020	378
3133EF2L0	36689	FFCB NOTES	04/13/2016	15,000,000.00	15,000,000.00	14,840,925.00	1.400	1.380	1.400	04/13/2020	378
3133EF2L0	36690	FFCB NOTES	04/13/2016	15,000,000.00	15,000,000.00	14,840,925.00	1.400	1.380	1.400	04/13/2020	378
3133EGKA2	36866	FFCB NOTES	07/06/2016	20,000,000.00	20,000,000.00	19,629,160.00	1.500	1.479	1.500	07/06/2021	827

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds - CALLABLE											
3133EG2P9	37300	FFCB NOTES	12/29/2016	10,000,000.00	10,000,000.00	9,955,370.00	2.320	2.288	2.320	12/29/2021	1,003
3133EG2P9	37301	FFCB NOTES	12/29/2016	15,000,000.00	15,000,000.00	14,933,055.00	2.320	2.288	2.320	12/29/2021	1,003
3133EHKT9	38272	FFCB NOTES	12/13/2017	10,847,393.15	10,915,000.00	10,758,500.73	2.220	2.368	2.400	11/25/2022	1,334
3133EGG82	38326	FFCB NOTES	12/26/2017	1,961,389.79	2,000,000.00	1,959,078.00	1.520	2.262	2.293	11/15/2021	959
3133EGNK7	38341	FFCB NOTES	12/29/2017	4,406,791.46	4,450,000.00	4,389,649.10	1.320	2.049	2.077	07/27/2020	483
3133EGAH8	38342	FFCB NOTES	12/29/2017	10,736,436.07	10,875,000.00	10,695,018.75	1.550	2.144	2.174	05/17/2021	777
3133EGKD6	38346	FFCB NOTES	12/29/2017	6,900,320.00	7,000,000.00	6,879,670.00	1.625	2.188	2.218	10/05/2021	918
3133EFF28	38368	FFCB NOTES	01/05/2018	5,191,638.13	5,245,000.00	5,177,234.60	1.650	2.171	2.202	03/01/2021	700
3133EHFD0	39022	FFCB NOTES	11/30/2018	4,719,019.13	4,850,000.00	4,823,266.80	2.400	3.079	3.121	04/11/2023	1,471
3133EFX44	39107	FFCB NOTES	12/24/2018	5,344,125.58	5,490,000.00	5,429,736.27	2.050	2.814	2.853	10/05/2022	1,283
3133EGXA8	39206	FFCB NOTES	02/04/2019	17,403,383.97	18,020,000.00	17,636,642.52	1.730	2.658	2.695	01/04/2023	1,374
3133EKDR4	39340	FFCB NOTES	03/25/2019	12,050,000.00	12,050,000.00	12,050,674.80	2.730	2.691	2.728	09/19/2022	1,267
3130A3XL3	36117	FHLB NOTES	07/09/2015	7,241,234.39	7,250,000.00	7,189,078.25	1.500	1.624	1.646	02/10/2020	315
3130A9W49	37131	FHLB NOTES	11/25/2016	15,000,000.00	15,000,000.00	14,839,815.00	1.250	1.232	1.250	02/24/2020	329
3130AANA2	37382	FHLB NOTES	01/30/2017	25,000,000.00	25,000,000.00	24,781,250.00	1.750	1.726	1.750	07/30/2020	486
3130AANA2	37383	FHLB NOTES	01/30/2017	5,000,000.00	5,000,000.00	4,956,250.00	1.750	1.726	1.750	07/30/2020	486
3130AB3T1	37641	FHLB NOTES	04/24/2017	20,000,000.00	20,000,000.00	19,828,340.00	1.750	1.726	1.750	07/24/2020	480
3130ABZE9	38016	FHLB NOTES	08/28/2017	8,400,000.00	8,400,000.00	8,310,514.80	1.650	1.627	1.650	08/28/2020	515
3130ACK52	38389	FHLB NOTES	01/12/2018	24,830,380.47	25,000,000.00	24,737,575.00	1.700	2.134	2.164	10/05/2020	553
3130AEXG0	38855	FHLB NOTES	09/25/2018	15,000,000.00	15,000,000.00	15,077,985.00	3.000	2.958	3.000	03/25/2022	1,089
3130A9MR9	38858	FHLB NOTES	09/17/2018	9,246,222.43	9,685,000.00	9,462,380.59	1.650	2.981	3.023	10/12/2022	1,290
3130AC2P8	38859	FHLB NOTES	09/17/2018	9,854,336.95	10,000,000.00	9,906,670.00	1.800	2.831	2.870	08/28/2020	515
3130AFA72	38921	FHLB NOTES	10/26/2018	12,000,000.00	12,000,000.00	12,149,328.00	3.250	3.205	3.250	04/26/2023	1,486
3130AFC54	38942	FHLB NOTES	11/01/2018	14,997,413.98	15,000,000.00	15,013,275.00	3.250	3.212	3.256	11/08/2021	952
3130A8R54	39014	FHLB NOTES	11/28/2018	4,731,278.48	5,000,000.00	4,814,685.00	1.800	3.102	3.145	07/28/2023	1,579
3130ACF66	39151	FHLB NOTES	01/15/2019	24,472,447.41	25,000,000.00	24,805,300.00	2.150	2.752	2.790	09/26/2022	1,274
3130AG2J3	39301	FHLB NOTES	03/12/2019	50,000,000.00	50,000,000.00	50,022,650.00	2.570	2.534	2.570	03/12/2020	346
3130AG2H7	39358	FHLB NOTES	03/28/2019	20,010,946.77	20,000,000.00	20,006,040.00	2.650	2.582	2.618	12/18/2020	627
3134G8JT7	36583	FHLMC NOTES	02/24/2016	12,500,000.00	12,500,000.00	12,393,225.00	1.500	1.479	1.500	02/24/2020	329
3134G8S83	36648	FHLMC NOTES	03/30/2016	20,000,000.00	20,000,000.00	19,853,740.00	1.500	1.479	1.500	12/30/2019	273
3134G8PD5	36649	FHLMC NOTES	03/30/2016	19,999,431.75	20,000,000.00	19,888,340.00	1.350	1.337	1.355	09/30/2019	182
3134G8PD5	36650	FHLMC NOTES	03/30/2016	3,714,894.45	3,715,000.00	3,694,259.16	1.350	1.337	1.355	09/30/2019	182

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds - CALLABLE											
3134G8PD5	36651	FHLMC NOTES	03/30/2016	6,375,000.00	6,375,000.00	6,339,408.38	1.350	1.331	1.350	09/30/2019	182
3134G8PD5	36654	FHLMC NOTES	03/30/2016	12,499,733.63	12,500,000.00	12,430,212.50	1.350	1.335	1.354	09/30/2019	182
3134G9DD6	36721	FHLMC NOTES	04/26/2016	11,999,722.22	12,000,000.00	11,989,176.00	1.150	1.167	1.184	04/26/2019	25
3134G9AV9	36729	FHLMC NOTES	04/28/2016	14,997,535.71	15,000,000.00	14,893,185.00	1.250	1.261	1.279	10/28/2019	210
3134G9AV9	36730	FHLMC NOTES	04/28/2016	4,249,301.79	4,250,000.00	4,219,735.75	1.250	1.261	1.279	10/28/2019	210
3134G9HM2	36785	FHLMC NOTES	05/26/2016	9,000,000.00	9,000,000.00	8,930,511.00	1.300	1.282	1.300	11/26/2019	239
3134G9HW0	36787	FHLMC NOTES	05/26/2016	5,250,000.00	5,250,000.00	5,207,779.50	1.250	1.232	1.250	11/26/2019	239
3134G9QW0	36823	FHLMC NOTES	06/14/2016	20,000,000.00	20,000,000.00	19,953,080.00	1.280	1.262	1.280	06/14/2019	74
3134G3K90	37344	FHLMC NOTES	01/19/2017	10,001,369.23	10,000,000.00	9,898,110.00	1.700	1.667	1.690	09/25/2020	543
3134GBBM3	37518	FHLMC NOTES	03/29/2017	25,000,000.00	25,000,000.00	24,840,375.00	2.000	1.972	2.000	03/29/2021	728
3134GA5T7	37578	FHLMC NOTES	02/28/2017	3,500,000.00	3,500,000.00	3,485,268.50	2.125	2.095	2.125	01/26/2022	1,031
3134GA5T7	37579	FHLMC NOTES	02/28/2017	20,000,000.00	20,000,000.00	19,915,820.00	2.125	2.096	2.125	01/26/2022	1,031
3134GBEW8	37621	FHLMC NOTES	04/26/2017	25,000,000.00	25,000,000.00	24,922,000.00	1.500	1.479	1.500	07/26/2019	116
3134GBEW8	37668	FHLMC NOTES	04/26/2017	8,000,000.00	8,000,000.00	7,975,040.00	1.500	1.479	1.500	07/26/2019	116
3134GBGZ9	37669	FHLMC NOTES	04/27/2017	15,000,000.00	15,000,000.00	14,887,005.00	2.000	1.972	2.000	01/27/2022	1,032
3134GBEF5	37696	FHLMC NOTES	04/27/2017	3,640,000.00	3,640,000.00	3,612,077.56	1.700	1.676	1.700	04/27/2020	392
3134GBJJ2	37741	FHLMC NOTES	04/26/2017	10,000,000.00	10,000,000.00	9,887,260.00	1.750	1.726	1.750	01/26/2021	666
3134GBJJ2	37742	FHLMC NOTES	04/26/2017	25,000,000.00	25,000,000.00	24,718,150.00	1.750	1.726	1.750	01/26/2021	666
3134GBLR1	37801	FHLMC NOTES	05/25/2017	20,000,000.00	20,000,000.00	19,795,640.00	1.750	1.726	1.750	11/25/2020	604
3134GBLQ3	37804	FHLMC NOTES	05/22/2017	20,000,000.00	20,000,000.00	19,831,080.00	1.650	1.627	1.650	05/22/2020	417
3134GBPM8	37817	FHLMC NOTES	05/24/2017	15,000,000.00	15,000,000.00	14,884,740.00	2.000	1.972	2.000	02/24/2022	1,060
3134GBRR5	37849	FHLMC NOTES	06/15/2017	20,000,000.00	20,000,000.00	19,777,740.00	1.800	1.775	1.800	06/15/2021	806
3134GBRU8	37861	FHLMC NOTES	06/22/2017	30,000,000.00	30,000,000.00	29,716,020.00	1.625	1.602	1.625	06/22/2020	448
3134GBSM5	37880	FHLMC NOTES	06/22/2017	5,450,000.00	5,450,000.00	5,394,742.45	1.700	1.676	1.700	09/22/2020	540
3134GBRZ7	37893	FHLMC NOTES	06/20/2017	15,000,000.00	15,000,000.00	14,893,920.00	1.500	1.479	1.500	12/20/2019	263
3134GBSW3	37894	FHLMC NOTES	06/22/2017	5,000,000.00	5,000,000.00	4,946,590.00	1.750	1.726	1.750	12/22/2020	631
3134GBYF3	37988	FHLMC NOTES	07/27/2017	5,750,000.00	5,750,000.00	5,690,067.75	1.800	1.775	1.800	01/27/2021	667
3134GBF64	38055	FHLMC NOTES	09/28/2017	6,000,000.00	6,000,000.00	5,929,866.00	1.600	1.578	1.600	09/28/2020	546
3134GBU83	38090	FHLMC NOTES	10/30/2017	15,000,000.00	15,000,000.00	14,891,460.00	2.000	1.972	2.000	10/29/2021	942
3134GBZ70	38170	FHLMC NOTES	11/27/2017	25,000,000.00	25,000,000.00	24,765,175.00	1.875	1.849	1.875	11/27/2020	606
3134GBZ70	38171	FHLMC NOTES	11/27/2017	10,000,000.00	10,000,000.00	9,906,070.00	1.875	1.849	1.875	11/27/2020	606
3134GSAC9	38334	FHLMC NOTES	12/28/2017	10,000,000.00	10,000,000.00	9,936,690.00	2.050	2.021	2.050	12/28/2020	637

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds - CALLABLE											
3134GSAX3	38352	FHLMC NOTES	01/08/2018	25,000,000.00	25,000,000.00	24,908,775.00	2.220	2.189	2.220	07/01/2022	1,187
3134G9Q75	38408	FHLMC NOTES	01/23/2018	19,949,171.27	20,000,000.00	19,918,400.00	1.250	2.033	2.062	07/26/2019	116
3134GSFE0	38466	FHLMC NOTES	02/26/2018	20,000,000.00	20,000,000.00	20,083,460.00	2.500	2.465	2.500	02/26/2021	697
3134GSMY8	38796	FHLMC NOTES	06/15/2018	15,000,000.00	15,000,000.00	15,091,470.00	2.750	3.426	3.474	06/15/2023	1,536
3134GSPR0	38827	FHLMC NOTES	06/28/2018	22,000,000.00	22,000,000.00	22,024,530.00	3.000	2.958	3.000	06/28/2022	1,184
3134GSB95	39006	FHLMC NOTES	11/27/2018	10,000,000.00	10,000,000.00	10,029,430.00	3.000	2.958	3.000	11/27/2020	606
3134G94B0	39118	FHLMC NOTES	12/26/2018	1,972,100.00	2,000,000.00	1,988,032.00	2.250	2.824	2.863	08/16/2021	868
3134GSL60	39122	FHLMC NOTES	12/27/2018	25,000,000.00	25,000,000.00	25,090,600.00	3.000	2.959	3.000	09/27/2022	1,275
3134GSJ48	39123	FHLMC NOTES	12/27/2018	30,000,000.00	30,000,000.00	30,114,570.00	3.100	3.057	3.100	06/27/2022	1,183
3134GSS63	39188	FHLMC NOTES	01/30/2019	15,000,000.00	15,000,000.00	15,034,995.00	2.800	2.761	2.800	01/30/2023	1,400
3134GSS63	39189	FHLMC NOTES	01/30/2019	10,000,000.00	10,000,000.00	10,023,330.00	2.800	2.761	2.800	01/30/2023	1,400
3134GSS63	39199	FHLMC NOTES	02/01/2019	10,185,000.00	10,185,000.00	10,208,761.61	2.800	2.761	2.799	01/30/2023	1,400
3134GS6T7	39353	FHLMC NOTES	03/27/2019	15,000,000.00	15,000,000.00	15,023,070.00	2.625	2.589	2.625	09/27/2022	1,275
3134GS6F7	39354	FHLMC NOTES	03/27/2019	30,000,000.00	30,000,000.00	30,049,440.00	2.720	2.682	2.720	03/27/2023	1,456
3136G3NC5	36782	FNMA NOTES	05/24/2016	4,999,877.31	5,000,000.00	4,989,245.00	1.000	1.003	1.016	05/24/2019	53
3136G3QY4	36793	FNMA NOTES	05/27/2016	5,000,000.00	5,000,000.00	4,990,050.00	1.250	1.212	1.229	05/30/2019	59
3136G3QY4	36794	FNMA NOTES	05/27/2016	15,000,000.00	15,000,000.00	14,970,150.00	1.250	1.212	1.229	05/30/2019	59
3136G3QY4	36795	FNMA NOTES	05/27/2016	5,000,000.00	5,000,000.00	4,990,050.00	1.250	1.212	1.229	05/30/2019	59
3136G3PR0	36797	FNMA NOTES	05/27/2016	24,975,229.29	25,000,000.00	24,590,675.00	1.500	1.526	1.548	05/26/2021	786
3136G3TD7	36845	FNMA NOTES	06/28/2016	12,981,045.61	12,980,000.00	12,939,995.64	1.200	1.150	1.165	06/28/2019	88
3136G3TB1	36846	FNMA NOTES	06/28/2016	12,051,213.37	12,050,000.00	12,010,271.15	1.100	1.043	1.057	06/28/2019	88
3136G3SQ9	36849	FNMA NOTES	06/28/2016	25,000,000.00	25,000,000.00	24,920,550.00	1.150	1.134	1.150	06/28/2019	88
3135G0L50	36875	FNMA NOTES	07/12/2016	30,000,000.00	30,000,000.00	29,883,540.00	1.050	1.035	1.050	07/12/2019	102
3136G3SY2	36880	FNMA NOTES	07/13/2016	7,500,000.00	7,500,000.00	7,454,962.50	1.250	1.232	1.250	09/30/2019	182
3136G3A62	36902	FNMA NOTES	07/26/2016	15,000,000.00	15,000,000.00	14,932,890.00	1.050	1.035	1.050	07/26/2019	116
3136G4BV4	37017	FNMA NOTES	09/30/2016	20,005,614.58	20,000,000.00	19,730,060.00	1.450	1.411	1.430	09/30/2020	548
3135G0Q30	37103	FNMA NOTES	10/21/2016	29,999,500.00	30,000,000.00	29,812,620.00	1.180	1.167	1.183	09/27/2019	179
3136G4MD2	37509	FNMA NOTES	03/16/2017	3,000,000.00	3,000,000.00	2,975,763.00	1.850	1.824	1.850	09/16/2020	534
3136G4NP4	38233	FNMA NOTES	12/06/2017	39,894,223.63	40,000,000.00	39,680,600.00	1.800	1.979	2.007	07/24/2020	480
3136G4NP4	38235	FNMA NOTES	12/07/2017	5,983,817.11	6,000,000.00	5,952,090.00	1.800	1.983	2.011	07/24/2020	480
			Subtotal and Average	**1,458,768,539.11**	**1,461,875,000.00**	**1,453,358,403.66**		**1.968**	**1.996**		**656**

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
US Treasury Notes											
912828S43	38300	U.S. TREASURY NOTES	12/15/2017	19,940,857.89	20,000,000.00	19,899,220.00	0.750	1.770	1.794	07/15/2019	105
912828TN0	38302	U.S. TREASURY NOTES	12/19/2017	24,916,683.47	25,000,000.00	24,846,675.00	1.000	1.792	1.817	08/31/2019	152
912828SX9	38386	U.S. TREASURY NOTES	01/12/2018	19,974,795.39	20,000,000.00	19,955,860.00	1.125	1.878	1.904	05/31/2019	60
9128282K5	38457	U.S. TREASURY NOTES	02/15/2018	24,938,358.86	25,000,000.00	24,908,200.00	1.375	2.102	2.132	07/31/2019	121
912828Y46	39102	U.S. TREASURY NOTES	12/21/2018	14,986,897.12	15,000,000.00	15,048,045.00	2.625	2.654	2.691	07/31/2020	487
912828S43	39103	U.S. TREASURY NOTES	12/21/2018	34,818,814.47	35,000,000.00	34,823,635.00	0.750	2.527	2.562	07/15/2019	105
			Subtotal and Average	**139,576,407.20**	**140,000,000.00**	**139,481,635.00**		**2.133**	**2.162**		**150**
Corporate Bonds											
037833CB4	36918	APPLE INC	08/04/2016	29,996,632.65	30,000,000.00	29,848,170.00	1.100	1.118	1.134	08/02/2019	123
037833DJ6	38124	APPLE INC	11/13/2017	44,979,630.00	45,000,000.00	44,675,505.00	2.000	2.001	2.029	11/13/2020	592
06405LAA9	39031	BANK OF NEW YORK	12/04/2018	25,000,000.00	25,000,000.00	25,036,675.00	3.036	2.994	3.036	12/04/2020	613
06405LAA9	39032	BANK OF NEW YORK	12/04/2018	5,000,000.00	5,000,000.00	5,007,335.00	3.036	2.994	3.036	12/04/2020	613
084664CK5	36933	BERKSHIRE HATHWY	08/15/2016	9,998,796.48	10,000,000.00	9,953,100.00	1.300	1.314	1.333	08/15/2019	136
084670BQ0	38830	BERKSHIRE HATHWY	06/29/2018	9,893,173.77	10,000,000.00	9,954,290.00	2.200	2.732	2.770	03/15/2021	714
084670BL1	38832	BERKSHIRE HATHWY	07/02/2018	5,942,266.09	5,953,000.00	5,940,433.22	2.100	2.561	2.597	08/14/2019	135
166764BH2	36765	CHEVRON CORP.	05/16/2016	15,000,000.00	15,000,000.00	14,978,490.00	1.561	1.539	1.561	05/16/2019	45
166764BP4	37503	CHEVRON CORP.	03/03/2017	8,000,000.00	8,000,000.00	7,956,640.00	1.991	1.963	1.991	03/03/2020	337
02079KAA5	38601	GOOGLE INC	04/16/2018	17,025,217.29	16,705,000.00	17,128,004.01	3.625	2.645	2.682	05/19/2021	779
459200JN2	37380	IBM	01/27/2017	9,997,368.89	10,000,000.00	9,937,140.00	1.900	1.906	1.933	01/27/2020	301
48125LRG9	36966	JPMORGAN	09/23/2016	12,497,969.44	12,500,000.00	12,440,037.50	1.650	1.661	1.685	09/23/2019	175
191216BT6	38529	Coca-Cola Co	03/19/2018	7,408,537.90	7,500,000.00	7,432,650.00	1.875	2.646	2.682	10/27/2020	575
594918BN3	36923	MICROSOFT CORP	08/08/2016	9,998,788.80	10,000,000.00	9,948,440.00	1.100	1.119	1.135	08/08/2019	129
594918BV5	37419	MICROSOFT CORP	02/06/2017	14,997,161.81	15,000,000.00	14,911,215.00	1.850	1.847	1.873	02/06/2020	311
594918AY0	38123	MICROSOFT CORP	11/13/2017	14,093,236.38	14,096,000.00	14,028,888.94	1.850	1.847	1.872	02/12/2020	317
594918BW3	39355	MICROSOFT CORP	03/27/2019	20,033,070.94	20,000,000.00	19,971,380.00	2.400	2.305	2.337	02/06/2022	1,042
594918BW3	39361	MICROSOFT CORP	03/29/2019	20,071,061.34	20,000,000.00	19,971,380.00	2.400	2.235	2.266	02/06/2022	1,042
742718EQ8	38524	PROCTER & GAMBLE	03/15/2018	19,477,851.99	20,000,000.00	19,633,760.00	1.700	2.728	2.766	11/03/2021	947
742718EQ8	38526	PROCTER & GAMBLE	03/16/2018	9,743,575.21	10,000,000.00	9,816,880.00	1.700	2.709	2.747	11/03/2021	947
89236TDE2	36776	TOYOTA MOTOR CREDIT	05/20/2016	19,998,729.63	20,000,000.00	19,967,760.00	1.400	1.428	1.447	05/20/2019	49
89236TDH5	37057	TOYOTA MOTOR CREDIT	10/18/2016	4,999,543.98	5,000,000.00	4,970,590.00	1.550	1.545	1.567	10/18/2019	200
89236TDU6	37702	TOYOTA MOTOR CREDIT	04/17/2017	4,999,199.26	5,000,000.00	4,966,865.00	1.950	1.938	1.965	04/17/2020	382

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Corporate Bonds											
89233P5F9	39332	TOYOTA MOTOR CREDIT	03/21/2019	11,394,836.23	11,213,000.00	11,434,456.75	3.400	2.675	2.712	09/15/2021	898
90331HPA5	39207	UBS FINANCE	02/04/2019	2,997,762.38	3,000,000.00	3,019,125.00	3.000	2.974	3.016	02/04/2021	675
90331HML4	36773	U S BANK	05/19/2016	19,651,312.94	19,589,000.00	19,542,456.54	2.125	1.533	1.554	10/28/2019	210
90331HNJ8	38409	U S BANK	01/23/2018	44,991,787.50	45,000,000.00	44,890,875.00	2.350	2.340	2.373	01/23/2020	297
931142EA7	38076	WALMART	10/20/2017	6,994,509.16	7,000,000.00	6,939,492.00	1.900	1.920	1.947	12/15/2020	624
931142EG4	38826	WALMART	06/27/2018	39,992,345.25	40,000,000.00	40,169,400.00	2.850	2.843	2.882	06/23/2020	449
94988J5D5	36805	WELLS FARGO	06/02/2016	11,999,744.89	12,000,000.00	11,985,384.00	1.750	1.740	1.764	05/24/2019	53
30231GAV4	38852	EXXON MOBIL CORP	09/10/2018	9,879,656.57	10,000,000.00	9,954,600.00	2.222	2.837	2.876	03/01/2021	700
			Subtotal and Average	**487,053,766.77**	**487,556,000.00**	**486,411,417.96**		**2.145**	**2.174**		**466**
Asset Backed Securities (ABS)											
02582JHG8	37862	American Express Credit Acct	05/30/2017	33,994,553.20	34,000,000.00	33,946,756.00	1.640	1.602	1.624	12/15/2021	989
02582JHQ6	38646	American Express Credit Acct	03/21/2018	44,994,775.50	45,000,000.00	45,035,365.50	2.670	2.653	2.690	10/17/2022	1,295
05522RCZ9	39062	BANK OF AMERICA CREDIT CARD	12/12/2018	20,147,080.47	20,140,000.00	20,327,952.52	3.000	2.862	2.902	09/15/2023	1,628
05522RDA3	39082	BANK OF AMERICA CREDIT CARD	12/18/2018	15,000,585.94	15,000,000.00	15,179,952.00	3.100	3.064	3.107	12/15/2023	1,719
05522RCY2	39220	BANK OF AMERICA CREDIT CARD	02/08/2019	24,936,523.44	25,000,000.00	25,079,722.50	2.700	2.716	2.753	07/17/2023	1,568
05522RCY2	39320	BANK OF AMERICA CREDIT CARD	03/19/2019	19,987,500.00	20,000,000.00	20,063,778.00	2.700	2.711	2.749	07/17/2023	1,568
05586VAD4	39327	BMW VEHICLE LEASE TRUST	03/20/2019	7,498,898.25	7,500,000.00	7,526,572.50	3.380	3.364	3.411	08/22/2022	1,239
05582QAD9	36893	BMW VEHICLE OWNER TRUST	07/20/2016	2,931,389.80	2,931,402.99	2,918,632.33	1.160	1.147	1.163	11/25/2020	604
09659QAD9	38412	BMW VEHICLE OWNER TRUST	01/24/2018	31,999,680.00	32,000,000.00	31,907,520.00	2.350	2.329	2.362	04/25/2022	1,120
161571HF4	36929	CHASE ISSUANCE TRUST (ABS)	08/11/2016	22,993,668.10	23,000,000.00	22,912,025.00	1.270	1.267	1.285	07/15/2021	836
161571HN7	38708	CHASE ISSUANCE TRUST (ABS)	05/10/2018	37,000,000.00	37,000,000.00	36,977,851.80	2.709	2.583	2.619	04/17/2023	1,477
43814NAC9	36587	HONDA AUTO RECEIVABLES OWNER T	02/25/2016	20,170.94	20,173.81	20,161.56	1.220	1.213	1.230	12/18/2019	261
43814QAC2	36800	HONDA AUTO RECEIVABLES OWNER T	05/31/2016	1,465,304.44	1,465,332.87	1,462,754.03	1.390	1.375	1.395	04/15/2020	380
43814RAC0	37059	HONDA AUTO RECEIVABLES OWNER T	10/25/2016	5,611,026.08	5,611,390.26	5,576,122.67	1.210	1.199	1.216	12/18/2020	627
43814TAC6	37615	HONDA AUTO RECEIVABLES OWNER T	03/28/2017	10,916,980.50	10,917,630.10	10,856,512.11	1.720	1.706	1.729	06/22/2020	448
43811BAC8	37976	HONDA AUTO RECEIVABLES OWNER T	06/27/2017	24,864,326.83	24,866,477.78	24,692,835.17	1.680	1.666	1.690	08/16/2021	868
43814UAG4	38738	HONDA AUTO RECEIVABLES OWNER T	05/30/2018	11,999,738.40	12,000,000.00	12,073,761.60	3.010	2.988	3.030	05/18/2022	1,143
43815AAC6	39013	HONDA AUTO RECEIVABLES OWNER T	11/28/2018	21,746,748.38	21,750,000.00	21,991,057.43	3.160	3.144	3.188	01/17/2023	1,387
43814WAC9	39269	HONDA AUTO RECEIVABLES OWNER T	02/27/2019	13,749,631.50	13,750,000.00	13,834,697.25	2.830	2.809	2.848	03/20/2023	1,449
47788MAC4	36600	JOHN DEERE OWNER TRUST	03/02/2016	437,895.93	437,964.87	437,675.81	1.360	1.353	1.371	04/15/2020	380
47788NAC2	36905	JOHN DEERE OWNER TRUST	07/27/2016	1,689,666.18	1,689,800.69	1,685,348.91	1.250	1.240	1.257	06/15/2020	441

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Asset Backed Securities (ABS)											
47787XAC1	37507	JOHN DEERE OWNER TRUST	03/02/2017	5,668,950.40	5,669,757.77	5,642,603.03	1.780	1.769	1.793	04/15/2021	745
47788CAC6	38476	JOHN DEERE OWNER TRUST	02/28/2018	8,249,406.83	8,250,000.00	8,253,642.38	2.660	2.641	2.678	04/18/2022	1,113
58769DAE0	38785	MERCEDES-BENZ AUTO LEASE TRUST	06/11/2018	3,965,156.25	4,000,000.00	3,986,323.60	2.010	2.701	2.739	01/17/2023	1,387
58772TAC4	39190	MERCEDES-BENZ AUTO LEASE TRUST	01/30/2019	9,999,707.00	10,000,000.00	10,065,401.00	3.100	3.079	3.122	11/15/2021	959
58769BAD6	36956	MERCEDES -BENZ AUTO REC TRUST	09/14/2016	4,027,109.83	4,027,600.79	4,007,502.26	1.260	1.251	1.269	02/16/2021	687
65478UAD1	36557	NISSAN AUTO LEASE TRUST	02/10/2016	1,326,037.79	1,326,339.13	1,322,797.54	1.340	1.335	1.353	10/15/2020	563
65478DAD9	38475	NISSAN AUTO LEASE TRUST	02/28/2018	18,497,885.45	18,500,000.00	18,515,763.85	2.650	2.585	2.621	05/16/2022	1,141
89237KAD5	36601	TOYOTA AUTO REC OWNER TRUST	03/02/2016	976,826.37	976,881.76	975,839.92	1.250	1.238	1.256	03/16/2020	350
89231LAD9	37035	TOYOTA AUTO REC OWNER TRUST	10/12/2016	5,818,198.19	5,818,926.72	5,791,225.72	1.230	1.222	1.239	10/15/2020	563
89238MAD0	37568	TOYOTA AUTO REC OWNER TRUST	03/15/2017	6,947,577.88	6,948,395.71	6,915,269.23	1.730	1.684	1.708	02/16/2021	687
89238KAD4	38137	TOYOTA AUTO REC OWNER TRUST	11/15/2017	23,997,787.20	24,000,000.00	23,826,448.80	1.930	1.914	1.940	01/18/2022	1,023
89231PAD0	38958	TOYOTA AUTO REC OWNER TRUST	11/07/2018	9,997,837.00	10,000,000.00	10,137,019.00	3.180	3.167	3.211	03/15/2023	1,444
			Subtotal and Average	**453,458,624.07**	**453,598,075.25**	**453,946,891.02**		**2.354**	**2.386**		**1,185**
Asset Backed Securities-Green Bond											
89231UAD9	36753	TOYOTA AUTO REC OWNER TRUST	05/11/2016	516,633.72	516,640.70	515,723.87	1.300	1.283	1.301	04/15/2020	380
			Subtotal and Average	**516,633.72**	**516,640.70**	**515,723.87**		**1.284**	**1.301**		**380**
Municipal Bonds											
13063CSQ4	36313	CALIFORNIA ST	10/27/2015	10,234,218.24	10,220,000.00	10,158,782.20	1.800	1.632	1.655	04/01/2020	366
13063CP87	36731	CALIFORNIA ST	04/28/2016	14,969,786.80	15,000,000.00	14,757,150.00	1.500	1.608	1.630	04/01/2021	731
65887PHS7	37523	North Dakota State Finance	03/06/2017	543,175.38	500,000.00	542,320.00	5.000	1.400	1.420	10/01/2021	914
64990CEM9	36822	New York State Dormatory Auth	06/14/2016	3,000,000.00	3,000,000.00	2,990,040.00	1.456	1.435	1.455	07/01/2019	91
91412GWV3	35763	UNIVERSITY CALIFORNIA REVS	03/25/2015	250,000.00	250,000.00	249,845.00	2.003	1.975	2.002	05/15/2019	44
91412GD36	36710	UNIVERSITY CALIFORNIA REVS	04/20/2016	3,000,000.00	3,000,000.00	2,995,170.00	1.169	1.152	1.168	05/15/2019	44
91412GWY7	39314	UNIVERSITY CALIFORNIA REVS	03/15/2019	4,030,880.42	4,000,000.00	4,040,720.00	2.826	2.530	2.566	05/15/2022	1,140
91412HEX7	39321	UNIVERSITY CALIFORNIA REVS	03/19/2019	1,000,000.00	1,000,000.00	1,004,150.00	2.657	2.620	2.657	05/15/2023	1,505
91412HEW9	39322	UNIVERSITY CALIFORNIA REVS	03/19/2019	665,000.00	665,000.00	667,447.20	2.608	2.571	2.606	05/15/2022	1,140
			Subtotal and Average	**37,693,060.84**	**37,635,000.00**	**37,405,624.40**		**1.707**	**1.731**		**595**
Commercial Paper, Discount											
22533UTM5	39254	Credit Agricole Corporation	02/21/2019	24,861,015.93	25,000,000.00	24,849,616.75	2.500	2.521	2.556	06/21/2019	81

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Commercial Paper, Discount											
46640QUS8	38931	JP Morgan Securities	10/29/2018	44,569,342.29	45,000,000.00	44,616,225.15	2.930	3.023	3.065	07/26/2019	116
46640QXX4	39279	JP Morgan Securities	03/04/2019	49,233,852.13	50,000,000.00	49,223,000.00	2.590	2.681	2.718	10/31/2019	213
59157USM3	39292	METLIFE SHORT TERM FUND	03/08/2019	39,862,267.63	40,000,000.00	39,856,802.00	2.500	2.512	2.547	05/21/2019	50
7426M3UF4	39231	PRIVATE EXPORT FUND CORPORATIO	02/12/2019	29,777,936.01	30,000,000.00	29,767,800.00	2.550	2.577	2.613	07/15/2019	105
7426M3UC1	39245	PRIVATE EXPORT FUND CORPORATIO	02/15/2019	49,641,992.72	50,000,000.00	49,623,750.00	2.540	2.566	2.602	07/12/2019	102
89116FU57	39297	TORONTO DOMINION BANK	03/11/2019	49,671,787.14	50,000,000.00	49,666,800.00	2.505	2.525	2.560	07/05/2019	95
			Subtotal and Average	**287,618,193.85**	**290,000,000.00**	**287,603,993.90**		**2.640**	**2.676**		**113**
Federal Agency Discount Notes											
313384JX8	39349	FHLB DISCOUNT	03/27/2019	49,585,577.71	50,000,000.00	49,588,300.00	2.410	2.464	2.498	08/02/2019	123
313384KM0	39350	FHLB DISCOUNT	03/27/2019	24,769,097.05	25,000,000.00	24,770,725.00	2.410	2.466	2.501	08/16/2019	137
313384DU0	39360	FHLB DISCOUNT	03/29/2019	200,000,000.00	200,000,000.00	200,000,000.00	2.250	2.281	2.313	04/01/2019	0
31315KDX5	39352	FARMER MAC DISCOUNT NOTE	03/27/2019	24,995,024.70	25,000,000.00	24,994,950.00	2.395	2.429	2.463	04/04/2019	3
			Subtotal and Average	**299,349,699.46**	**300,000,000.00**	**299,353,975.00**		**2.340**	**2.372**		**31**
Local Agency Investment Fund											
SYS8506	8506	LOCAL AGENCY INVEST FUND	07/01/2015	41,520,181.91	41,520,181.91	41,520,181.91	2.390	2.357	2.390		1
			Subtotal and Average	**41,520,181.91**	**41,520,181.91**	**41,520,181.91**		**2.357**	**2.390**		**1**
Money Market											
SYS37590	37590	JP MORGAN US GOVT MMF	02/27/2017	0.00	0.00	0.00	2.320	2.288	2.320		1
SYS34292	34292	MORGAN STANLEY TRSY INSTL 8304	05/21/2013	0.00	0.00	0.00	2.300	2.268	2.300		1
SYS23519	23519	BLACKKROCK TREASURY LIQ FUND	02/01/2008	361,362,982.50	361,362,982.50	361,362,982.50	2.370	2.337	2.370		1
			Subtotal and Average	**361,362,982.50**	**361,362,982.50**	**361,362,982.50**		**2.338**	**2.370**		**1**
Supranationals - Green Bond											
45818WBU9	38324	IADB	12/21/2017	25,000,000.00	25,000,000.00	25,009,250.00	2.837	2.676	2.713	01/15/2022	1,020
			Subtotal and Average	**25,000,000.00**	**25,000,000.00**	**25,009,250.00**		**2.676**	**2.713**		**1,020**
Supranationals											
4581X0CX4	37663	IADB	04/12/2017	34,970,033.38	35,000,000.00	34,705,790.00	1.625	1.680	1.704	05/12/2020	407
45818WBP0	38317	IADB	12/21/2017	45,026,260.62	45,000,000.00	45,034,200.00	2.857	2.642	2.679	07/15/2022	1,201
45818WBM7	38385	IADB	01/12/2018	20,085,428.75	20,000,000.00	20,078,600.00	2.987	2.558	2.593	07/15/2021	836

Fund COMM - COMMINGLED POOL
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Supranationals											
45818WBM7A	38739	IADB	05/30/2018	10,056,514.19	10,000,000.00	10,039,300.00	2.987	2.525	2.560	07/15/2021	836
459058FA6	36653	INTL BANK RECON & DEVELOP	03/30/2016	19,984,742.50	20,000,000.00	19,789,320.00	1.376	1.435	1.455	03/30/2020	364
459058FK4	36881	INTL BANK RECON & DEVELOP	07/13/2016	39,998,987.77	40,000,000.00	39,755,400.00	0.876	0.869	0.881	08/15/2019	136
			Subtotal and Average	**170,121,967.21**	**170,000,000.00**	**169,402,610.00**		**1.869**	**1.895**		**624**
ABS - Cont.											
17305EFW0	37208	CITIBANK CREDIT CARD ISSUANCE	12/08/2016	39,998,858.78	40,000,000.00	39,778,188.00	1.750	1.725	1.749	11/19/2021	963
			Subtotal and Average	**39,998,858.78**	**40,000,000.00**	**39,778,188.00**		**1.726**	**1.750**		**963**
			Total Investments and Average	**7,150,681,019.42**	**7,157,624,129.59**	**7,139,350,993.70**		**2.190**	**2.220**		**495**

Fund WK - WORKERS COMP
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Mortgage Backed Securities (MBS)											
3138LGKH8	39318	FNMA Multi-Family	03/19/2019	2,953,125.00	3,000,000.00	2,976,066.81	2.470	2.794	2.833	01/01/2024	1,736
			Subtotal and Average	**2,953,125.00**	**3,000,000.00**	**2,976,066.81**		**2.795**	**2.834**		**1,736**
Federal Agency Bonds											
3133EJZU6	38872	FFCB NOTES	09/27/2018	2,992,493.63	3,000,000.00	3,036,804.00	2.850	2.915	2.956	09/20/2021	903
3133EJZH5	38879	FFCB NOTES	10/05/2018	992,283.48	1,000,000.00	1,015,817.00	2.800	2.997	3.038	09/13/2022	1,261
3133EJ3B3	39112	FFCB NOTES	12/24/2018	2,003,474.67	2,000,000.00	2,024,806.00	2.800	2.695	2.732	12/17/2021	991
3130A0F70	39114	FHLB NOTES	12/24/2018	1,536,354.66	1,500,000.00	1,568,224.50	3.375	2.778	2.817	12/08/2023	1,712
3137EAEC9	37310	FHLMC NOTES	12/30/2016	2,451,446.40	2,500,000.00	2,432,062.50	1.125	1.961	1.988	08/12/2021	864
3135G0R39	37309	FNMA NOTES	12/30/2016	3,490,204.35	3,500,000.00	3,471,394.50	1.000	1.489	1.510	10/24/2019	206
			Subtotal and Average	**13,466,257.19**	**13,500,000.00**	**13,549,108.50**		**2.330**	**2.362**		**847**
Money Market											
SYS34789	34789	BLACKKROCK TREASURY LIQ FUND	12/26/2013	12,271,949.62	12,271,949.62	12,271,949.62	2.370	2.337	2.370		1
			Subtotal and Average	**12,271,949.62**	**12,271,949.62**	**12,271,949.62**		**2.338**	**2.370**		**1**
			Total Investments and Average	**28,691,331.81**	**28,771,949.62**	**28,797,124.93**		**2.381**	**2.414**		**576**

Fund PCF - PARK CHARTER FUND
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Federal Agency Bonds											
3133EJ3B3	39113	FFCB NOTES	12/24/2018	1,702,953.47	1,700,000.00	1,721,085.10	2.800	2.695	2.732	12/17/2021	991
3137EAEC9	37307	FHLMC NOTES	12/30/2016	490,289.28	500,000.00	486,412.50	1.125	1.961	1.988	08/12/2021	864
3135G0R39	37308	FNMA NOTES	12/30/2016	1,495,801.86	1,500,000.00	1,487,740.50	1.000	1.488	1.508	10/24/2019	206
			Subtotal and Average	**3,689,044.61**	**3,700,000.00**	**3,695,238.10**		**2.108**	**2.138**		**655**
Money Market											
SYS33657	33657	BLACKKROCK TREASURY LIQ FUND	09/30/2012	525,154.37	525,154.37	525,154.37	2.370	2.337	2.370		1
			Subtotal and Average	**525,154.37**	**525,154.37**	**525,154.37**		**2.338**	**2.370**		**1**
			Total Investments and Average	**4,214,198.98**	**4,225,154.37**	**4,220,392.47**		**2.137**	**2.167**		**574**

Fund SJE - SAN JOSE- EVERGREEN
Investments by Fund
March 31, 2019

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
Municipal Bonds											
011770Z56	35082	ALASKA ST	05/08/2014	202,398.22	200,000.00	202,260.00	5.000	1.252	1.270	08/01/2019	122
011770Z56	35083	ALASKA ST	05/08/2014	252,997.77	250,000.00	252,825.00	5.000	1.252	1.270	08/01/2019	122
13063C5Q9	37543	CALIFORNIA ST	03/14/2017	549,400.10	500,000.00	556,455.00	5.000	1.844	1.870	08/01/2022	1,218
13063BFJ6	37573	CALIFORNIA ST	03/20/2017	427,709.15	400,000.00	414,004.00	5.250	2.661	2.698	03/01/2022	1,065
13063BAM4	37714	CALIFORNIA ST	03/08/2017	238,311.02	225,000.00	229,322.25	5.250	0.957	0.971	10/01/2021	914
20772JQ96	37546	Connecticut-F	03/09/2017	538,703.44	500,000.00	540,545.00	5.000	1.873	1.900	11/15/2021	959
34153P3H9	34972	FLORIDA STATE BOARD EDUCATION	04/01/2014	352,037.34	350,000.00	351,998.50	5.000	1.351	1.370	06/01/2019	61
341150M31	35185	FLORIDA STATE BOARD EDUCATION	06/27/2014	1,107,849.02	1,065,000.00	1,110,858.90	5.000	1.588	1.610	07/01/2020	457
373384YJ9	34915	GEORGIA ST	03/10/2014	353,352.75	350,000.00	353,027.50	5.000	1.035	1.050	07/01/2019	91
57582PK74	35081	MASSACHUSETTS ST	05/08/2014	530,000.00	530,000.00	530,000.00	5.000	1.242	1.260	04/01/2019	0
57582RKW5	37561	MASSACHUSETTS ST	03/16/2017	219,334.08	200,000.00	220,108.00	5.000	1.607	1.630	04/01/2022	1,096
6041294D5	35288	MINNESOTA ST	08/21/2014	209,094.88	200,000.00	209,210.00	5.000	1.410	1.430	08/01/2020	488
658256T93	35131	NORTH CAROLINA ST	06/05/2014	378,531.28	365,000.00	378,917.45	5.000	1.400	1.420	05/01/2020	396
677521Q82	37526	OHIO ST	03/08/2017	330,460.17	305,000.00	330,501.05	5.000	1.509	1.530	10/01/2021	914
924258ZN9	34946	VERMONT ST	03/21/2014	101,333.66	100,000.00	101,286.00	5.000	1.262	1.280	08/15/2019	136
93974CC65	37524	WASHINGTON ST	03/08/2017	539,509.01	500,000.00	538,095.00	5.000	1.352	1.371	07/01/2021	822
97705L4E4	34880	WISCONSIN STATE	02/13/2014	250,749.52	250,000.00	250,695.00	5.000	1.198	1.214	05/01/2019	30
97705L4E4	34881	WISCONSIN STATE	02/13/2014	100,302.48	100,000.00	100,278.00	5.000	1.169	1.185	05/01/2019	30
97705MFT7	37717	WISCONSIN STATE	03/29/2017	549,013.89	500,000.00	551,760.00	5.000	1.647	1.670	05/01/2022	1,126
			Subtotal and Average	**7,231,087.78**	**6,890,000.00**	**7,222,146.65**		**1.532**	**1.553**		**602**
Money Market - Tax Exempt											
SYS33615	33615	Dreyfus Tax Exempt Inst	09/25/2012	9,873,529.57	9,873,529.57	9,873,529.57	1.370	1.351	1.370		1
			Subtotal and Average	**9,873,529.57**	**9,873,529.57**	**9,873,529.57**		**1.351**	**1.370**		**1**
			Total Investments and Average	**17,104,617.35**	**16,763,529.57**	**17,095,676.22**		**1.428**	**1.447**		**255**

SANTA CLARA COUNTY INVESTMENTS
Transaction Activity Report
January 1, 2019 - March 31, 2019
Sorted by Transaction Date - Transaction Date
COMMINGLED POOL Fund

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39131	COMM	313384AC3	FHDN DISC NOTE	01/02/2019	UBS FINANCE	FHLB DISCOUNT	199,986,944.44			**-199,986,944.44**
39130	COMM	SYS39130	USTN 3.05% MAT	01/02/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39092	COMM	88580DN26	MMMPP DISC NOTE	01/02/2019	CITIGROUP GLOBAL	3M COMPANY		50,000,000.00		**50,000,000.00**
39129	COMM	313384AB5	FHDN DISC NOTE	01/02/2019	UBS FINANCE	FHLB DISCOUNT		175,000,000.00		**175,000,000.00**
36822	COMM	64990CEM9	NYSHGR 1.456%	01/02/2019	WELLS FARGO	New York State			21,840.00	**21,840.00**
38352	COMM	3134GSAX3	FEDERAL HOME LN	01/02/2019	INCAPITAL LLC	FHLMC NOTES			277,500.00	**277,500.00**
		Totals for 01/02/2019					**399,986,944.44**	**225,000,000.00**	**299,340.00**	**-174,687,604.44**
39133	COMM	313384AD1	FHDN ZERO CPN	01/03/2019	UBS FINANCE	FHLB DISCOUNT	199,986,944.44			**-199,986,944.44**
39132	COMM	SYS39132	USTN 2.7% MAT	01/03/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39130	COMM	SYS39130	USTN 3.05% MAT	01/03/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39131	COMM	313384AC3	FHDN DISC NOTE	01/03/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39130	COMM	SYS39130	USTN 3.05% MAT	01/03/2019	BARCLAYS CAPITAL	U.S. TREASURY			16,944.45	**16,944.45**
34292	COMM	SYS34292	MSTI 0.%	01/03/2019		MORGAN STANLEY			360.73	**360.73**
34292	COMM	SYS34292	MSTI 0.%	01/03/2019		MORGAN STANLEY	360.73			**-360.73**
37590	COMM	SYS37590	JPM TE 0.44%	01/03/2019	JPMorganChase	JP MORGAN US			536,734.39	**536,734.39**
37590	COMM	SYS37590	JPM TE 0.44%	01/03/2019	JPMorganChase	JP MORGAN US	536,734.39			**-536,734.39**
		Totals for 01/03/2019					**400,524,039.56**	**400,000,000.00**	**554,039.57**	**30,000.01**
39134	COMM	313384AG4	FHDN DISC NOTE	01/04/2019	UBS FINANCE	FHLB DISCOUNT	199,961,000.00			**-199,961,000.00**
39135	COMM	SYS39135	USTN 2.42% MAT	01/04/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
38365	COMM	313384AD1	FHDN ZERO CPN	01/04/2019	LOOP CAPITAL	FHLB DISCOUNT		35,000,000.00		**35,000,000.00**
38564	COMM	06052TZT0	BANK AMER N A	01/04/2019	MERRILL LYNCH	BANK OF AMERICA		50,000,000.00		**50,000,000.00**
38577	COMM	89233HN42	TOYO ZERO CPN	01/04/2019	TOYOTA MOTOR	TOYOTA MOTOR		65,000,000.00		**65,000,000.00**
39132	COMM	SYS39132	USTN 2.7% MAT	01/04/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39133	COMM	313384AD1	FHDN ZERO CPN	01/04/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
38564	COMM	06052TZT0	BANK AMER N A	01/04/2019	MERRILL LYNCH	BANK OF AMERICA			947,583.34	**947,583.34**
39132	COMM	SYS39132	USTN 2.7% MAT	01/04/2019	BARCLAYS CAPITAL	U.S. TREASURY			15,000.02	**15,000.02**
		Totals for 01/04/2019					**399,961,000.00**	**550,000,000.00**	**962,583.36**	**151,001,583.36**
39137	COMM	313384AH2	FHDN DISC NOTE	01/07/2019	UBS FINANCE	FHLB DISCOUNT	199,987,055.56			**-199,987,055.56**
39136	COMM	SYS39136	USTN 2.37% MAT	01/07/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39134	COMM	313384AG4	FHDN DISC NOTE	01/07/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39135	COMM	SYS39135	USTN 2.42% MAT	01/07/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
36866	COMM	3133EGKA2	FEDERAL FARM CR	01/07/2019	MERRILL LYNCH	FFCB NOTES			150,000.00	**150,000.00**
37582	COMM	3135G0S38	FEDERAL NATL MTG	01/07/2019	KEYBANC CAPITAL	FNMA NOTES			100,000.00	**100,000.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
38079	COMM	3135G0S38	FEDERAL NATL MTG	01/07/2019	KEYBANC CAPITAL	FNMA NOTES			100,000.00	**100,000.00**
38142	COMM	3135G0S38	FEDERAL NATL MTG	01/07/2019	KEYBANC CAPITAL	FNMA NOTES			113,950.00	**113,950.00**
38837	COMM	3133EJTT6	FEDERAL FARM CR	01/07/2019	INCAPITAL LLC	FFCB NOTES			65,625.00	**65,625.00**
38838	COMM	3133EJTT6	FEDERAL FARM CR	01/07/2019	INCAPITAL LLC	FFCB NOTES			65,625.00	**65,625.00**
39135	COMM	SYS39135	USTN 2.42% MAT	01/07/2019	BARCLAYS CAPITAL	U.S. TREASURY			40,333.33	**40,333.33**
		Totals for 01/07/2019					**399,987,055.56**	**400,000,000.00**	**635,533.33**	**648,477.77**
39140	COMM	313384AJ8	FHDN DISC NOTE	01/08/2019	UBS FINANCE	FHLB DISCOUNT	99,993,694.00			**-99,993,694.00**
39138	COMM	3130ABFD3	FEDERAL HOME	01/08/2019	INCAPITAL LLC	FHLB NOTES	15,037,956.25			**-15,037,956.25**
39139	COMM	SYS39139	USTN 2.4% MAT	01/08/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39136	COMM	SYS39136	USTN 2.37% MAT	01/08/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39137	COMM	313384AH2	FHDN DISC NOTE	01/08/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39136	COMM	SYS39136	USTN 2.37% MAT	01/08/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.68	**13,166.68**
		Totals for 01/08/2019					**315,031,650.25**	**400,000,000.00**	**13,166.68**	**84,981,516.43**
39143	COMM	06052TD80	BA 2.81% MAT	01/09/2019	MERRILL LYNCH	BANK OF AMERICA	60,000,000.00			**-60,000,000.00**
39142	COMM	313384AK5	FHDN DISC NOTE	01/09/2019	UBS FINANCE	FHLB DISCOUNT	99,993,666.66			**-99,993,666.66**
39141	COMM	SYS39141	USTN 2.43% MAT	01/09/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
38700	COMM	89236TDM4	TOYOTA MOTOR	01/09/2019	KEYBANC CAPITAL	TOYOTA MOTOR		8,200,000.00		**8,200,000.00**
39139	COMM	SYS39139	USTN 2.4% MAT	01/09/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39140	COMM	313384AJ8	FHDN DISC NOTE	01/09/2019	UBS FINANCE	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
38578	COMM	3130ADXU1	FEDERAL HOME	01/09/2019	INCAPITAL LLC	FHLB NOTES			232,000.00	**232,000.00**
38700	COMM	89236TDM4	TOYOTA MOTOR	01/09/2019	KEYBANC CAPITAL	TOYOTA MOTOR			69,700.00	**69,700.00**
39139	COMM	SYS39139	USTN 2.4% MAT	01/09/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,333.34	**13,333.34**
		Totals for 01/09/2019					**359,993,666.66**	**308,200,000.00**	**315,033.34**	**-51,478,633.32**
39145	COMM	313384AL3		01/10/2019	UBS FINANCE	FHLB DISCOUNT	99,993,666.66			**-99,993,666.66**
39144	COMM	SYS39144	USTN 2.41% MAT	01/10/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39141	COMM	SYS39141	USTN 2.43% MAT	01/10/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39142	COMM	313384AK5	FHDN DISC NOTE	01/10/2019	UBS FINANCE	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39141	COMM	SYS39141	USTN 2.43% MAT	01/10/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,500.01	**13,500.01**
		Totals for 01/10/2019					**299,993,666.66**	**300,000,000.00**	**13,500.01**	**19,833.35**
39146	COMM	313384AP4	FHDN DISC NOTE	01/11/2019	UBS FINANCE	FHLB DISCOUNT	99,981,000.00			**-99,981,000.00**
39147	COMM	SYS39147	USTN 2.37% MAT	01/11/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39144	COMM	SYS39144	USTN 2.41% MAT	01/11/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39145	COMM	313384AL3		01/11/2019	UBS FINANCE	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39144	COMM	SYS39144	USTN 2.41% MAT	01/11/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,388.89	**13,388.89**
		Totals for 01/11/2019					**299,981,000.00**	**300,000,000.00**	**13,388.89**	**32,388.89**
39149	COMM	313384AQ2	FHDN DISC NOTE	01/14/2019	UBS FINANCE	FHLB DISCOUNT	49,996,847.22			**-49,996,847.22**
39150	COMM	31381TYT1	FNMAM 2.75% MAT	01/14/2019	BOK FINANCIAL	FNMA Multi-Family	30,125,581.77			**-30,125,581.77**
39148	COMM	SYS39148	USTN 2.37% MAT	01/14/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39146	COMM	313384AP4	FHDN DISC NOTE	01/14/2019	UBS FINANCE	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39147	COMM	SYS39147	USTN 2.37% MAT	01/14/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
36875	COMM	3135G0L50	FEDERAL NATL MTG	01/14/2019	BARCLAYS CAPITAL	FNMA NOTES			157,500.00	**157,500.00**
39147	COMM	SYS39147	USTN 2.37% MAT	01/14/2019	BARCLAYS CAPITAL	U.S. TREASURY			39,500.02	**39,500.02**
		Totals for 01/14/2019					**280,122,428.99**	**300,000,000.00**	**197,000.02**	**20,074,571.03**
39152	COMM	313384AR0	FHDN DISC NOTE	01/15/2019	UBS FINANCE	FHLB DISCOUNT	99,993,694.44			**-99,993,694.44**
39151	COMM	3130ACF66	FEDERAL HOME	01/15/2019	BREAN CAPITAL LLC	FHLB NOTES	24,603,243.06			**-24,603,243.06**
39153	COMM	SYS39153	USTN 2.4% MAT	01/15/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
8506	COMM	SYS8506	LAIF 1.65%	01/15/2019		LOCAL AGENCY	249,391.01			**-249,391.01**
36753	COMM	89231UAD9	TOYO 1.3% MAT	01/15/2019	CITIGROUP GLOBAL	TOYOTA AUTO REC		176,981.74		**176,981.74**
36753	COMM	89231UAD9	TOYO 1.3% MAT	01/15/2019	CITIGROUP GLOBAL	TOYOTA AUTO REC		9.04		**9.04**
37065	COMM	58768MAC5	MBALT 1.35% MAT	01/15/2019	BANK OF AMERICA	MERCEDES-BENZ		234,978.27		**234,978.27**
38998	COMM	912796UJ6	UNITED STATES	01/15/2019	BMO CAPITAL	U S TREASURY BILL		35,000,000.00		**35,000,000.00**
39148	COMM	SYS39148	USTN 2.37% MAT	01/15/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39149	COMM	313384AQ2	FHDN DISC NOTE	01/15/2019	UBS FINANCE	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
36753	COMM	89231UAD9	TOYO 1.3% MAT	01/15/2019	CITIGROUP GLOBAL	TOYOTA AUTO REC			1,122.07	**1,122.07**
38300	COMM	912828S43	UNITED STATES	01/15/2019	DEUTSCHE BANK	U.S. TREASURY			75,000.00	**75,000.00**
38317	COMM	45818WBP0	IADB 1.42917% MAT	01/15/2019	BMO CAPITAL	IADB			288,450.00	**288,450.00**
38324	COMM	45818WBU9	IADB 1.64203% MAT	01/15/2019	BMO CAPITAL	IADB			155,500.00	**155,500.00**
38385	COMM	45818WBM7	IADB 1.92152% MAT	01/15/2019	MERRILL LYNCH	IADB			134,800.00	**134,800.00**
38739	COMM	45818WBM7A	IADB 1.92152% MAT	01/15/2019	BMO CAPITAL	IADB			67,400.00	**67,400.00**
39103	COMM	912828S43	UNITED STATES	01/15/2019	DEUTSCHE BANK	U.S. TREASURY			131,250.00	**131,250.00**
39103	COMM	912828S43	UNITED STATES	01/15/2019	DEUTSCHE BANK	U.S. TREASURY		113,417.12	-113,417.12	**0.00**
39148	COMM	SYS39148	USTN 2.37% MAT	01/15/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.65	**13,166.65**
36557	COMM	65478UAD1	NALT 1.34% MAT	01/15/2019	MERRILL LYNCH	NISSAN AUTO			2,346.83	**2,346.83**
36557	COMM	65478UAD1	NALT 1.34% MAT	01/15/2019	MERRILL LYNCH	NISSAN AUTO		266,563.96		**266,563.96**
36600	COMM	47788MAC4	JDOT 1.36% MAT	01/15/2019	MERRILL LYNCH	JOHN DEERE			2,169.55	**2,169.55**
36600	COMM	47788MAC4	JDOT 1.36% MAT	01/15/2019	MERRILL LYNCH	JOHN DEERE		555,416.21		**555,416.21**
36601	COMM	89237KAD5	TAOT 1.25% MAT	01/15/2019	MERRILL LYNCH	TOYOTA AUTO REC			2,884.59	**2,884.59**
36601	COMM	89237KAD5	TAOT 1.25% MAT	01/15/2019	MERRILL LYNCH	TOYOTA AUTO REC		619,023.83		**619,023.83**
36800	COMM	43814QAC2	HAROT 1.39% MAT	01/15/2019	MERRILL LYNCH	HONDA AUTO			3,465.97	**3,465.97**
36800	COMM	43814QAC2	HAROT 1.39% MAT	01/15/2019	MERRILL LYNCH	HONDA AUTO		521,408.99		**521,408.99**
36905	COMM	47788NAC2	JDOT 1.25% MAT	01/15/2019	ROYAL BANK OF	JOHN DEERE			3,475.50	**3,475.50**
36905	COMM	47788NAC2	JDOT 1.25% MAT	01/15/2019	ROYAL BANK OF	JOHN DEERE		570,339.12		**570,339.12**
36929	COMM	161571HF4	CHAIT 1.27% MAT	01/15/2019	JPMorganChase	CHASE ISSUANCE			24,341.66	**24,341.66**
36929	COMM	161571HF4	CHAIT 1.27% MAT	01/15/2019	JPMorganChase	CHASE ISSUANCE		840,601.56		**840,601.56**
36956	COMM	58769BAD6	MBART 1.26% MAT	01/15/2019	CITIGROUP GLOBAL	MERCEDES -BENZ			5,885.09	**5,885.09**
36956	COMM	58769BAD6	MBART 1.26% MAT	01/15/2019	CITIGROUP GLOBAL	MERCEDES -BENZ		555,313.58		**555,313.58**
37035	COMM	89231LAD9	TAOT 1.23% MAT	01/15/2019	JPMorganChase	TOYOTA AUTO REC			8,604.89	**8,604.89**
37035	COMM	89231LAD9	TAOT 1.23% MAT	01/15/2019	JPMorganChase	TOYOTA AUTO REC		889,482.33		**889,482.33**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
37065	COMM	58768MAC5	MBALT 1.35% MAT	01/15/2019	BANK OF AMERICA	MERCEDES-BENZ			264.35	**264.35**
37065	COMM	58768MAC5	MBALT 1.35% MAT	01/15/2019	BANK OF AMERICA	MERCEDES-BENZ		30,207.08		**30,207.08**
37065	COMM	58768MAC5	MBALT 1.35% MAT	01/15/2019	BANK OF AMERICA	MERCEDES-BENZ				**0.00**
37065	COMM	58768MAC5	MBALT 1.35% MAT	01/15/2019	BANK OF AMERICA	MERCEDES-BENZ				**0.00**
37507	COMM	47787XAC1	JDOT 1.78% MAT	01/15/2019	BANK OF AMERICA	JOHN DEERE			11,104.17	**11,104.17**
37507	COMM	47787XAC1	JDOT 1.78% MAT	01/15/2019	BANK OF AMERICA	JOHN DEERE		622,373.90		**622,373.90**
37568	COMM	89238MAD0	TAOT 1.73% MAT	01/15/2019	BANK OF AMERICA	TOYOTA AUTO REC			12,960.87	**12,960.87**
37568	COMM	89238MAD0	TAOT 1.73% MAT	01/15/2019	BANK OF AMERICA	TOYOTA AUTO REC		693,912.96		**693,912.96**
37862	COMM	02582JHG8	AMXCA 1.64% MAT	01/15/2019	ROYAL BANK OF	American Express			46,466.68	**46,466.68**
37862	COMM	02582JHG8	AMXCA 1.64% MAT	01/15/2019	ROYAL BANK OF	American Express		1,034,215.49		**1,034,215.49**
37976	COMM	43811BAC8	HAROT 1.68% MAT	01/15/2019	CITIGROUP GLOBAL	HONDA AUTO			39,200.00	**39,200.00**
37976	COMM	43811BAC8	HAROT 1.68% MAT	01/15/2019	CITIGROUP GLOBAL	HONDA AUTO		917,125.57		**917,125.57**
38137	COMM	89238KAD4	TAOT 1.93% MAT	01/15/2019	JPMorganChase	TOYOTA AUTO REC			38,599.99	**38,599.99**
38137	COMM	89238KAD4	TAOT 1.93% MAT	01/15/2019	JPMorganChase	TOYOTA AUTO REC		668,204.32		**668,204.32**
38475	COMM	65478DAD9	NALT 2.65% MAT	01/15/2019	MERRILL LYNCH	NISSAN AUTO			40,854.16	**40,854.16**
38475	COMM	65478DAD9	NALT 2.65% MAT	01/15/2019	MERRILL LYNCH	NISSAN AUTO		454,282.83		**454,282.83**
38476	COMM	47788CAC6	JDOT 2.66% MAT	01/15/2019	ROYAL BANK OF	JOHN DEERE			18,287.50	**18,287.50**
38476	COMM	47788CAC6	JDOT 2.66% MAT	01/15/2019	ROYAL BANK OF	JOHN DEERE		205,976.19		**205,976.19**
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	01/15/2019	BARCLAYS CAPITAL	American Express			100,125.00	**100,125.00**
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	01/15/2019	BARCLAYS CAPITAL	American Express		983,373.12		**983,373.12**
38708	COMM	161571HN7	CHAIT 2.1227% MAT	01/15/2019	BARCLAYS CAPITAL	CHASE ISSUANCE			79,137.64	**79,137.64**
38708	COMM	161571HN7	CHAIT 2.1227% MAT	01/15/2019	BARCLAYS CAPITAL	CHASE ISSUANCE		707,564.97		**707,564.97**
38785	COMM	58769DAE0	MBALT 2.01% MAT	01/15/2019	BOK FINANCIAL	MERCEDES-BENZ			6,700.00	**6,700.00**
38785	COMM	58769DAE0	MBALT 2.01% MAT	01/15/2019	BOK FINANCIAL	MERCEDES-BENZ		89,302.48		**89,302.48**
38958	COMM	89231PAD0	TAOT 3.18% MAT	01/15/2019	JPMorganChase	TOYOTA AUTO REC			26,500.00	**26,500.00**
38958	COMM	89231PAD0	TAOT 3.18% MAT	01/15/2019	JPMorganChase	TOYOTA AUTO REC		186,623.93		**186,623.93**
39013	COMM	43815AAC6	HAROT 3.16% MAT	01/15/2019	JPMorganChase	HONDA AUTO			57,274.99	**57,274.99**
39013	COMM	43815AAC6	HAROT 3.16% MAT	01/15/2019	JPMorganChase	HONDA AUTO		414,627.65		**414,627.65**
39062	COMM	05522RCZ9	BACCT 3.% MAT	01/15/2019	ROYAL BANK OF	BANK OF AMERICA			50,350.00	**50,350.00**
39062	COMM	05522RCZ9	BACCT 3.% MAT	01/15/2019	ROYAL BANK OF	BANK OF AMERICA		352,582.93		**352,582.93**
39082	COMM	05522RDA3	BACCT 3.1% MAT	01/15/2019	ROYAL BANK OF	BANK OF AMERICA			38,750.00	**38,750.00**
39082	COMM	05522RDA3	BACCT 3.1% MAT	01/15/2019	ROYAL BANK OF	BANK OF AMERICA		241,338.87		**241,338.87**
39082	COMM	05522RDA3	BACCT 3.1% MAT	01/15/2019	ROYAL BANK OF	BANK OF AMERICA			-3,875.00	**-3,875.00**
39082	COMM	05522RDA3	BACCT 3.1% MAT	01/15/2019	ROYAL BANK OF	BANK OF AMERICA				**0.00**
8506	COMM	SYS8506	LAIF 1.65%	01/15/2019		LOCAL AGENCY			249,391.01	**249,391.01**
		Totals for 01/15/2019					**324,846,328.51**	**297,945,248.04**	**1,618,537.04**	**-25,282,543.43**
39157	COMM	3133EJ4Q9	FEDERAL FARM CR	01/16/2019	KEYBANC CAPITAL	FFCB NOTES	19,988,483.33			**-19,988,483.33**
39156	COMM	313384AS8	FHDN DISC NOTE	01/16/2019	UBS FINANCE	FHLB DISCOUNT	149,990,541.66			**-149,990,541.66**
39158	COMM	31381RZ23	FNMAM 3.84% MAT	01/16/2019	KEYBANC CAPITAL	FNMA Multi-Family	14,969,566.21			**-14,969,566.21**
39155	COMM	63873KNH6	NATXNY DISC NOTE	01/16/2019	MERRILL LYNCH	Natixis NY Branch	49,996,722.22			**-49,996,722.22**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39154	COMM	SYS39154	USTN 2.37% MAT	01/16/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
37190	COMM	3130AAE46	FEDERAL HOME	01/16/2019	BANK OF AMERICA	FHLB NOTES		50,000,000.00		**50,000,000.00**
38202	COMM	3130AAE46	FEDERAL HOME	01/16/2019	KEYBANC CAPITAL	FHLB NOTES		25,000,000.00		**25,000,000.00**
39152	COMM	313384AR0	FHDN DISC NOTE	01/16/2019	UBS FINANCE	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39153	COMM	SYS39153	USTN 2.4% MAT	01/16/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
37190	COMM	3130AAE46	FEDERAL HOME	01/16/2019	BANK OF AMERICA	FHLB NOTES			312,500.00	**312,500.00**
38202	COMM	3130AAE46	FEDERAL HOME	01/16/2019	KEYBANC CAPITAL	FHLB NOTES			156,250.00	**156,250.00**
39153	COMM	SYS39153	USTN 2.4% MAT	01/16/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,333.32	**13,333.32**
		Totals for 01/16/2019					**434,945,313.42**	**375,000,000.00**	**482,083.32**	**-59,463,230.10**
39160	COMM	313384AT6	FHDN DISC NOTE	01/17/2019	UBS FINANCE	FHLB DISCOUNT	99,993,722.22			**-99,993,722.22**
39161	COMM	313384AY5	FHDN DISC NOTE	01/17/2019	MIZUHO	FHLB DISCOUNT	49,981,166.67			**-49,981,166.67**
39159	COMM	63873KNP8	NATXNY DISC NOTE	01/17/2019	MERRILL LYNCH	Natixis NY Branch	49,980,333.33			**-49,980,333.33**
39162	COMM	SYS39162	USTN 2.36% MAT	01/17/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
37466	COMM	3133EG3X1	FEDERAL FARM CR	01/17/2019	Daiwa Capital Market	FFCB NOTES		15,000,000.00		**15,000,000.00**
37628	COMM	3133EG3X1	FEDERAL FARM CR	01/17/2019	KEYBANC CAPITAL	FFCB NOTES		25,000,000.00		**25,000,000.00**
39154	COMM	SYS39154	USTN 2.37% MAT	01/17/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39155	COMM	63873KNH6	NATXNY DISC NOTE	01/17/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
39156	COMM	313384AS8	FHDN DISC NOTE	01/17/2019	UBS FINANCE	FHLB DISCOUNT		150,000,000.00		**150,000,000.00**
37443	COMM	3137EAEE5	FEDERAL HOME LN	01/17/2019	KEYBANC CAPITAL	FHLMC NOTES			150,000.00	**150,000.00**
37466	COMM	3133EG3X1	FEDERAL FARM CR	01/17/2019	Daiwa Capital Market	FFCB NOTES			93,750.00	**93,750.00**
37628	COMM	3133EG3X1	FEDERAL FARM CR	01/17/2019	KEYBANC CAPITAL	FFCB NOTES			156,250.00	**156,250.00**
39154	COMM	SYS39154	USTN 2.37% MAT	01/17/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.67	**13,166.67**
		Totals for 01/17/2019					**399,955,222.22**	**440,000,000.00**	**413,166.67**	**40,457,944.45**
39165	COMM	3133EJ5V7	FEDERAL FARM CR	01/18/2019	INCAPITAL LLC	FFCB NOTES	14,845,845.00			**-14,845,845.00**
39164	COMM	313384AX7	FHDN DISC NOTE	01/18/2019	UBS FINANCE	FHLB DISCOUNT	149,962,166.67			**-149,962,166.67**
39163	COMM	SYS39163	USTN 2.36% MAT	01/18/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
38687	COMM	7426M3NJ4	PEFCO ZERO CPN	01/18/2019	WILLIAMS CAPITAL	PRIVATE EXPORT		50,000,000.00		**50,000,000.00**
38987	COMM	16677KNJ8	CHEVRO DISC NOTE	01/18/2019	CITIGROUP GLOBAL	CHEVRON		15,000,000.00		**15,000,000.00**
38988	COMM	16677KNJ8	CHEVRO DISC NOTE	01/18/2019	CITIGROUP GLOBAL	CHEVRON		40,000,000.00		**40,000,000.00**
39160	COMM	313384AT6	FHDN DISC NOTE	01/18/2019	UBS FINANCE	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39162	COMM	SYS39162	USTN 2.36% MAT	01/18/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39162	COMM	SYS39162	USTN 2.36% MAT	01/18/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,111.10	**13,111.10**
36587	COMM	43814NAC9	HAROT 1.22% MAT	01/18/2019	JPMorganChase	HONDA AUTO			1,744.06	**1,744.06**
36587	COMM	43814NAC9	HAROT 1.22% MAT	01/18/2019	JPMorganChase	HONDA AUTO		575,095.86		**575,095.86**
37059	COMM	43814RAC0	HAROT 1.21% MAT	01/18/2019	BARCLAYS CAPITAL	HONDA AUTO			7,636.41	**7,636.41**
37059	COMM	43814RAC0	HAROT 1.21% MAT	01/18/2019	BARCLAYS CAPITAL	HONDA AUTO		661,605.93		**661,605.93**
38738	COMM	43814UAG4	HAROT 3.01% MAT	01/18/2019	BARCLAYS CAPITAL	HONDA AUTO			30,100.00	**30,100.00**
38738	COMM	43814UAG4	HAROT 3.01% MAT	01/18/2019	BARCLAYS CAPITAL	HONDA AUTO		293,995.82		**293,995.82**
		Totals for 01/18/2019					**364,808,011.67**	**406,530,697.61**	**52,591.57**	**41,775,277.51**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39166	COMM	313384AY5	FHDN DISC NOTE	01/22/2019	UBS FINANCE	FHLB DISCOUNT	149,990,500.50			**-149,990,500.50**
39167	COMM	SYS39167	USTN 2.37% MAT	01/22/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39163	COMM	SYS39163	USTN 2.36% MAT	01/22/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39164	COMM	313384AX7	FHDN DISC NOTE	01/22/2019	UBS FINANCE	FHLB DISCOUNT		150,000,000.00		**150,000,000.00**
36347	COMM	3135G0A78	FEDERAL NATL MTG	01/22/2019	CITIGROUP GLOBAL	FNMA NOTES			81,250.00	**81,250.00**
36361	COMM	3135G0A78	FEDERAL NATL MTG	01/22/2019	KEYBANC CAPITAL	FNMA NOTES			162,500.00	**162,500.00**
36383	COMM	3135G0A78	FEDERAL NATL MTG	01/22/2019	BARCLAYS CAPITAL	FNMA NOTES			81,250.00	**81,250.00**
36384	COMM	3135G0A78	FEDERAL NATL MTG	01/22/2019	KEYBANC CAPITAL	FNMA NOTES			81,250.00	**81,250.00**
38403	COMM	3137EAEB1	FEDERAL HOME LN	01/22/2019	KEYBANC CAPITAL	FHLMC NOTES			109,375.00	**109,375.00**
38896	COMM	3130AFB63	FEDERAL HOME	01/22/2019	INCAPITAL LLC	FHLB NOTES			110,625.00	**110,625.00**
38901	COMM	3130AFB63	FEDERAL HOME	01/22/2019	INCAPITAL LLC	FHLB NOTES			36,875.00	**36,875.00**
38901	COMM	3130AFB63	FEDERAL HOME	01/22/2019	INCAPITAL LLC	FHLB NOTES		409.72	-409.72	**0.00**
38920	COMM	3130AFB63	FEDERAL HOME	01/22/2019	KEYBANC CAPITAL	FHLB NOTES			184,375.00	**184,375.00**
38920	COMM	3130AFB63	FEDERAL HOME	01/22/2019	KEYBANC CAPITAL	FHLB NOTES		8,194.44	-8,194.44	**0.00**
38922	COMM	3130AFB63	FEDERAL HOME	01/22/2019	KEYBANC CAPITAL	FHLB NOTES			36,875.00	**36,875.00**
38922	COMM	3130AFB63	FEDERAL HOME	01/22/2019	KEYBANC CAPITAL	FHLB NOTES		1,638.89	-1,638.89	**0.00**
39163	COMM	SYS39163	USTN 2.36% MAT	01/22/2019	BARCLAYS CAPITAL	U.S. TREASURY			52,444.43	**52,444.43**
37036	COMM	05582XAD4	BMWLT 1.43% MAT	01/22/2019	MIZUHO	BMW VEHICLE			2,403.30	**2,403.30**
37036	COMM	05582XAD4	BMWLT 1.43% MAT	01/22/2019	MIZUHO	BMW VEHICLE		909,081.87		**909,081.87**
37615	COMM	43814TAC6	HAROT 1.72% MAT	01/22/2019	BANK OF AMERICA	HONDA AUTO			19,430.10	**19,430.10**
37615	COMM	43814TAC6	HAROT 1.72% MAT	01/22/2019	BANK OF AMERICA	HONDA AUTO		895,209.17		**895,209.17**
		Totals for 01/22/2019					**349,990,500.50**	**351,814,534.09**	**948,409.78**	**2,772,443.37**
39168	COMM	SYS39168	USTN 2.37% MAT	01/23/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39159	COMM	63873KNP8	NATXNY DISC NOTE	01/23/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
39161	COMM	313384AY5	FHDN DISC NOTE	01/23/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39166	COMM	313384AY5	FHDN DISC NOTE	01/23/2019	UBS FINANCE	FHLB DISCOUNT		150,000,000.00		**150,000,000.00**
39167	COMM	SYS39167	USTN 2.37% MAT	01/23/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
37841	COMM	3133EHKH5	FEDERAL FARM CR	01/23/2019	INCAPITAL LLC	FFCB NOTES			94,200.00	**94,200.00**
38409	COMM	90331HNJ8	USB 2.35% MAT	01/23/2019	BARCLAYS CAPITAL	U S BANK			528,750.00	**528,750.00**
39167	COMM	SYS39167	USTN 2.37% MAT	01/23/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.66	**13,166.66**
		Totals for 01/23/2019					**200,000,000.00**	**450,000,000.00**	**636,116.66**	**250,636,116.66**
39169	COMM	313384BA6	FHDN DISC NOTE	01/24/2019	UBS FINANCE	FHLB DISCOUNT	149,990,416.68			**-149,990,416.68**
39171	COMM	SYS39171	USTN 2.39% MAT	01/24/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
38915	COMM	912796QU6	UNITED STATES	01/24/2019	MIZUHO	U S TREASURY BILL		35,000,000.00		**35,000,000.00**
39168	COMM	SYS39168	USTN 2.37% MAT	01/24/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
37590	COMM	SYS37590	JPM TE 0.44%	01/24/2019	JPMorganChase	JP MORGAN US		150,000,000.00		**150,000,000.00**
38233	COMM	3136G4NP4	FEDERAL NATL MTG	01/24/2019	DEUTSCHE BANK	FNMA NOTES			360,000.00	**360,000.00**
38235	COMM	3136G4NP4	FEDERAL NATL MTG	01/24/2019	DEUTSCHE BANK	FNMA NOTES			54,000.00	**54,000.00**
38629	COMM	3133EJLU1	FEDERAL FARM CR	01/24/2019	Daiwa Capital Market	FFCB NOTES			181,500.00	**181,500.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
38630	COMM	3133EJLU1	FEDERAL FARM CR	01/24/2019	INCAPITAL LLC	FFCB NOTES			363,000.00	**363,000.00**
39168	COMM	SYS39168	USTN 2.37% MAT	01/24/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.66	**13,166.66**
		Totals for 01/24/2019					**349,990,416.68**	**385,000,000.00**	**971,666.66**	**35,981,249.98**
39173	COMM	3133EJ5P0	FEDERAL FARM CR	01/25/2019	INCAPITAL LLC	FFCB NOTES	9,990,155.56			**-9,990,155.56**
39172	COMM	313384BD0	FHDN DISC NOTE	01/25/2019	UBS FINANCE	FHLB DISCOUNT	199,961,666.00			**-199,961,666.00**
39174	COMM	SYS39174	USTN 2.38% MAT	01/25/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
38961	COMM	3134GSZX6	FEDERAL HOME LN	01/25/2019	BARCLAYS CAPITAL	FHLMC NOTES		19,967,000.00		**19,967,000.00**
38961	COMM	3134GSZX6	FEDERAL HOME LN	01/25/2019	BARCLAYS CAPITAL	FHLMC NOTES		33,000.00		**33,000.00**
39169	COMM	313384BA6	FHDN DISC NOTE	01/25/2019	UBS FINANCE	FHLB DISCOUNT		150,000,000.00		**150,000,000.00**
39171	COMM	SYS39171	USTN 2.39% MAT	01/25/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
38961	COMM	3134GSZX6	FEDERAL HOME LN	01/25/2019	BARCLAYS CAPITAL	FHLMC NOTES			151,000.00	**151,000.00**
38961	COMM	3134GSZX6	FEDERAL HOME LN	01/25/2019	BARCLAYS CAPITAL	FHLMC NOTES		21,811.11	-21,811.11	**0.00**
39171	COMM	SYS39171	USTN 2.39% MAT	01/25/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,277.76	**13,277.76**
36893	COMM	05582QAD9	BMWOT 1.16% MAT	01/25/2019	JPMorganChase	BMW VEHICLE			4,381.75	**4,381.75**
36893	COMM	05582QAD9	BMWOT 1.16% MAT	01/25/2019	JPMorganChase	BMW VEHICLE		558,366.67		**558,366.67**
38387	COMM	3137AYCE9	FHLMCM 2.682%	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			44,700.00	**44,700.00**
38387	COMM	3137AYCE9	FHLMCM 2.682%	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		508,793.21		**508,793.21**
38391	COMM	3137AYCE9	FHLMCM 2.682%	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			16,762.50	**16,762.50**
38391	COMM	3137AYCE9	FHLMCM 2.682%	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		190,701.62		**190,701.62**
38412	COMM	09659QAD9	BMWOT 2.35% MAT	01/25/2019	JPMorganChase	BMW VEHICLE			62,666.66	**62,666.66**
38412	COMM	09659QAD9	BMWOT 2.35% MAT	01/25/2019	JPMorganChase	BMW VEHICLE		833,008.12		**833,008.12**
38465	COMM	3137AWQH1	FHLMCM 2.307%	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			10,727.55	**10,727.55**
38465	COMM	3137AWQH1	FHLMCM 2.307%	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		143,774.49		**143,774.49**
38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	01/25/2019	BOK FINANCIAL	FNMA Multi-Family			7,779.69	**7,779.69**
38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	01/25/2019	BOK FINANCIAL	FNMA Multi-Family		5,464.50		**5,464.50**
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	01/25/2019	BARCLAYS CAPITAL	FHLMC Multi-Family			55,333.34	**55,333.34**
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	01/25/2019	BARCLAYS CAPITAL	FHLMC Multi-Family		474,718.69		**474,718.69**
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	01/25/2019	VINING SPARKS IBG	FNMA Multi-Family			11,993.45	**11,993.45**
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	01/25/2019	VINING SPARKS IBG	FNMA Multi-Family		217,228.90		**217,228.90**
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	01/25/2019	JPMorganChase	FNMA Multi-Family			11,993.45	**11,993.45**
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	01/25/2019	JPMorganChase	FNMA Multi-Family		217,228.90		**217,228.90**
38666	COMM	3137AYCE9	FHLMCM 2.682%	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			26,250.08	**26,250.08**
38666	COMM	3137AYCE9	FHLMCM 2.682%	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		293,219.04		**293,219.04**
38744	COMM	3137AYCE9	FHLMCM 2.682%	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			44,700.00	**44,700.00**
38744	COMM	3137AYCE9	FHLMCM 2.682%	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		499,486.19		**499,486.19**
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			12,176.25	**12,176.25**
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	01/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		103,436.77		**103,436.77**
38864	COMM	3137B5JM6	FHLMCM 3.531%	01/25/2019	INCAPITAL LLC	FHLMC Multi-Family			29,425.00	**29,425.00**
38864	COMM	3137B5JM6	FHLMCM 3.531%	01/25/2019	INCAPITAL LLC	FHLMC Multi-Family		218,032.91		**218,032.91**
38884	COMM	31381N7G2	FNMAM 3.27% MAT	01/25/2019	BOK FINANCIAL	FNMA Multi-Family			9,767.06	**9,767.06**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
38884	COMM	31381N7G2	FNMAM 3.27% MAT	01/25/2019	BOK FINANCIAL	FNMA Multi-Family		6,154.49		**6,154.49**
38945	COMM	3137B3NA2	FHLMC REMIC	01/25/2019	INCAPITAL LLC	FHLMC Multi-Family			28,723.99	**28,723.99**
38945	COMM	3137B3NA2	FHLMC REMIC	01/25/2019	INCAPITAL LLC	FHLMC Multi-Family		239,948.18		**239,948.18**
39026	COMM	3137B5KW2	FHLMC SERIES	01/25/2019	INCAPITAL LLC	FHLMC Multi-Family			28,816.67	**28,816.67**
39026	COMM	3137B5KW2	FHLMC SERIES	01/25/2019	INCAPITAL LLC	FHLMC Multi-Family		214,232.15		**214,232.15**
39093	COMM	3137FBUV6	FHLMCM 2.52688%	01/25/2019	BOK FINANCIAL	FHLMC Multi-Family			44,208.42	**44,208.42**
39093	COMM	3137FBUV6	FHLMCM 2.52688%	01/25/2019	BOK FINANCIAL	FHLMC Multi-Family		1,076,983.94		**1,076,983.94**
		Totals for 01/25/2019					**409,951,821.56**	**375,822,589.88**	**592,872.51**	**-33,536,359.17**
39176	COMM	313384BE8	FHDN DISC NOTE	01/28/2019	UBS FINANCE	FHLB DISCOUNT	199,987,277.76			**-199,987,277.76**
39175	COMM	SYS39175	USTN 2.37% MAT	01/28/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
36505	COMM	3135G0H63	FEDERAL NATL MTG	01/28/2019	DEUTSCHE BANK	FNMA NOTES		25,000,000.00		**25,000,000.00**
38685	COMM	46640QNU1	JPMSCC ZERO CPN	01/28/2019	JPMorganChase	JP Morgan Securities		40,000,000.00		**40,000,000.00**
38688	COMM	25215FDD3	DEXIA CR LOC N Y	01/28/2019	DEXIA	DEXIA		40,000,000.00		**40,000,000.00**
39000	COMM	59157UNU0	METSHR DISC NOTE	01/28/2019	CITIGROUP GLOBAL	METLIFE SHORT		23,250,000.00		**23,250,000.00**
39172	COMM	313384BD0	FHDN DISC NOTE	01/28/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39174	COMM	SYS39174	USTN 2.38% MAT	01/28/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
36505	COMM	3135G0H63	FEDERAL NATL MTG	01/28/2019	DEUTSCHE BANK	FNMA NOTES			171,875.00	**171,875.00**
36902	COMM	3136G3A62	FEDERAL NATL MTG	01/28/2019	INCAPITAL LLC	FNMA NOTES			78,750.00	**78,750.00**
37378	COMM	3133EG5D3	FEDERAL FARM CR	01/28/2019	INCAPITAL LLC	FFCB NOTES			50,750.00	**50,750.00**
37380	COMM	459200JN2	INTERNATIONAL	01/28/2019	ROYAL BANK OF	IBM			95,000.00	**95,000.00**
37669	COMM	3134GBGZ9	FEDERAL HOME LN	01/28/2019	INCAPITAL LLC	FHLMC NOTES			150,000.00	**150,000.00**
37741	COMM	3134GBJJ2	FEDERAL HOME LN	01/28/2019	INCAPITAL LLC	FHLMC NOTES			87,500.00	**87,500.00**
37742	COMM	3134GBJJ2	FEDERAL HOME LN	01/28/2019	INCAPITAL LLC	FHLMC NOTES			218,750.00	**218,750.00**
37988	COMM	3134GBYF3	FEDERAL HOME LN	01/28/2019	INCAPITAL LLC	FHLMC NOTES			51,750.00	**51,750.00**
38341	COMM	3133EGNK7	FEDERAL FARM CR	01/28/2019	BREAN CAPITAL LLC	FFCB NOTES			29,370.00	**29,370.00**
38408	COMM	3134G9Q75	FHLMC 1.25% MAT	01/28/2019	DEUTSCHE BANK	FHLMC NOTES			125,000.00	**125,000.00**
38688	COMM	25215FDD3	DEXIA CR LOC N Y	01/28/2019	DEXIA	DEXIA			744,233.33	**744,233.33**
39014	COMM	3130A8R54	FEDERAL HOME	01/28/2019	BREAN CAPITAL LLC	FHLB NOTES			45,000.00	**45,000.00**
39014	COMM	3130A8R54	FEDERAL HOME	01/28/2019	BREAN CAPITAL LLC	FHLB NOTES		30,000.00	-30,000.00	**0.00**
39174	COMM	SYS39174	USTN 2.38% MAT	01/28/2019	BARCLAYS CAPITAL	U.S. TREASURY			39,666.68	**39,666.68**
		Totals for 01/28/2019					**399,987,277.76**	**528,280,000.00**	**1,857,645.01**	**130,150,367.25**
39177	COMM	313384BF5	FHDN DISC NOTE	01/29/2019	UBS FINANCE	FHLB DISCOUNT	199,987,388.88			**-199,987,388.88**
39178	COMM	313384BF5	FHDN DISC NOTE	01/29/2019	MIZUHO	FHLB DISCOUNT	49,996,847.22			**-49,996,847.22**
39180	COMM	63873KNW3	NATXNY DISC NOTE	01/29/2019	MERRILL LYNCH	Natixis NY Branch	49,996,722.22			**-49,996,722.22**
39179	COMM	SYS39179	USTN 2.37% MAT	01/29/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39181	COMM	30229BNW3	XON DISC NOTE	01/29/2019	CITIGROUP GLOBAL	Exxon Mobil Group	119,992,200.00			**-119,992,200.00**
36643	COMM	45905UVR2	IBRD 1.17% MAT	01/29/2019	BMO CAPITAL	INTL BANK RECON &		45,000,000.00		**45,000,000.00**
38883	COMM	313312BE9	FFCBDN DISC NOTE	01/29/2019	MIZUHO	FFCB DISC NOTE		25,000,000.00		**25,000,000.00**
39040	COMM	912796UL1	UNITED STATES	01/29/2019	MIZUHO	U S TREASURY BILL		45,000,000.00		**45,000,000.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39175	COMM	SYS39175	USTN 2.37% MAT	01/29/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39176	COMM	313384BE8	FHDN DISC NOTE	01/29/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
36288	COMM	3130A5Z77	FEDERAL HOME	01/29/2019	KEYBANC CAPITAL	FHLB NOTES			45,750.00	**45,750.00**
36289	COMM	3130A5Z77	FEDERAL HOME	01/29/2019	KEYBANC CAPITAL	FHLB NOTES			45,750.00	**45,750.00**
36298	COMM	3130A5Z77	FEDERAL HOME	01/29/2019	KEYBANC CAPITAL	FHLB NOTES			45,750.00	**45,750.00**
36308	COMM	3130A5Z77	FEDERAL HOME	01/29/2019	KEYBANC CAPITAL	FHLB NOTES			91,500.00	**91,500.00**
36310	COMM	3130A5Z77	FEDERAL HOME	01/29/2019	KEYBANC CAPITAL	FHLB NOTES			45,750.00	**45,750.00**
36643	COMM	45905UVR2	IBRD 1.17% MAT	01/29/2019	BMO CAPITAL	INTL BANK RECON &			263,250.00	**263,250.00**
38418	COMM	3130ADJH6	FHLB 2.1% MAT	01/29/2019	INCAPITAL LLC	FHLB NOTES			79,957.50	**79,957.50**
39175	COMM	SYS39175	USTN 2.37% MAT	01/29/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.66	**13,166.66**
		Totals for 01/29/2019					**619,973,158.32**	**515,000,000.00**	**630,874.16**	**-104,342,284.16**
39187	COMM	04249LNX0	ARMEXH DISC NOTE	01/30/2019	CITIGROUP GLOBAL	ARMY & AIR FORCE	18,998,743.89			**-18,998,743.89**
39185	COMM	313384BG3	FHDN DISC NOTE	01/30/2019	MIZUHO	FHLB DISCOUNT	49,996,902.78			**-49,996,902.78**
39186	COMM	313384BG3	FHDN DISC NOTE	01/30/2019	UBS FINANCE	FHLB DISCOUNT	199,987,611.11			**-199,987,611.11**
39188	COMM	3134GSS63	FEDERAL HOME LN	01/30/2019	INCAPITAL LLC	FHLMC NOTES	15,000,000.00			**-15,000,000.00**
39189	COMM	3134GSS63	FEDERAL HOME LN	01/30/2019	INCAPITAL LLC	FHLMC NOTES	10,000,000.00			**-10,000,000.00**
39190	COMM	58772TAC4	MBALT 3.1% MAT	01/30/2019	MERRILL LYNCH	MERCEDES-BENZ	9,999,707.00			**-9,999,707.00**
39184	COMM	63873KNX1	NATXNY DISC NOTE	01/30/2019	MERRILL LYNCH	Natixis NY Branch	49,996,722.22			**-49,996,722.22**
39183	COMM	21687BNX5	RABO DISC NOTE	01/30/2019	MERRILL LYNCH	RABOBANK	49,996,736.11			**-49,996,736.11**
39182	COMM	SYS39182	USTN 2.35% MAT	01/30/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
36088	COMM	3136FTZZ5	FEDERAL NATL MTG	01/30/2019	KEYBANC CAPITAL	FNMA NOTES		7,370,000.00		**7,370,000.00**
37620	COMM	3136FTZZ5	FEDERAL NATL MTG	01/30/2019	KEYBANC CAPITAL	FNMA NOTES		10,865,000.00		**10,865,000.00**
38936	COMM	313384BF5	FHDN DISC NOTE	01/30/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39007	COMM	59157UNW6	METSHR DISC NOTE	01/30/2019	CITIGROUP GLOBAL	METLIFE SHORT		16,750,000.00		**16,750,000.00**
39035	COMM	313384BF5	FHDN DISC NOTE	01/30/2019	MIZUHO	FHLB DISCOUNT		40,000,000.00		**40,000,000.00**
39060	COMM	24422MNW7	JDCCP DISC NOTE	01/30/2019	CITIGROUP GLOBAL	John Deere Capital C		60,000,000.00		**60,000,000.00**
39177	COMM	313384BF5	FHDN DISC NOTE	01/30/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39178	COMM	313384BF5	FHDN DISC NOTE	01/30/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39179	COMM	SYS39179	USTN 2.37% MAT	01/30/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39180	COMM	63873KNW3	NATXNY DISC NOTE	01/30/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
39181	COMM	30229BNW3	XON DISC NOTE	01/30/2019	CITIGROUP GLOBAL	Exxon Mobil Group		120,000,000.00		**120,000,000.00**
36088	COMM	3136FTZZ5	FEDERAL NATL MTG	01/30/2019	KEYBANC CAPITAL	FNMA NOTES			64,487.50	**64,487.50**
37382	COMM	3130AANA2	FEDERAL HOME	01/30/2019	INCAPITAL LLC	FHLB NOTES			218,750.00	**218,750.00**
37383	COMM	3130AANA2	FEDERAL HOME	01/30/2019	INCAPITAL LLC	FHLB NOTES			43,750.00	**43,750.00**
37620	COMM	3136FTZZ5	FEDERAL NATL MTG	01/30/2019	KEYBANC CAPITAL	FNMA NOTES			95,068.75	**95,068.75**
38209	COMM	3135G0T60	FEDERAL NATL MTG	01/30/2019	BREAN CAPITAL LLC	FNMA NOTES			75,000.00	**75,000.00**
39179	COMM	SYS39179	USTN 2.37% MAT	01/30/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.68	**13,166.68**
		Totals for 01/30/2019					**603,976,423.11**	**804,985,000.00**	**510,222.93**	**201,518,799.82**
39193	COMM	313384BH1	FHDN DISC NOTE	01/31/2019	UBS FINANCE	FHLB DISCOUNT	195,074,752.87			**-195,074,752.87**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39194	COMM	313384BH1	FHDN DISC NOTE	01/31/2019	UBS FINANCE	FHLB DISCOUNT	4,912,699.76			**-4,912,699.76**
39192	COMM	313384BH1	FHDN DISC NOTE	01/31/2019	MIZUHO	FHLB DISCOUNT	49,996,861.11			**-49,996,861.11**
39195	COMM	63873KP19	NATXNY DISC NOTE	01/31/2019	MERRILL LYNCH	Natixis NY Branch	49,996,722.22			**-49,996,722.22**
39191	COMM	SYS39191	USTN 2.55% MAT	01/31/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
38309	COMM	912828B33	UNITED STATES	01/31/2019	Daiwa Capital Market	U.S. TREASURY		25,000,000.00		**25,000,000.00**
38562	COMM	22534H3T6	CREDIT AGRICOLE	01/31/2019	JPMorganChase	Credit Agricole CIB		45,000,000.00		**45,000,000.00**
38563	COMM	89113XE26	TORONTO	01/31/2019	JPMorganChase	TORONTO		50,000,000.00		**50,000,000.00**
39019	COMM	313312BG4	FCDN DISC NOTE	01/31/2019	MIZUHO	FFCB DISCOUNT		30,000,000.00		**30,000,000.00**
39099	COMM	63873KNX1	NATXNY DISC NOTE	01/31/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
39182	COMM	SYS39182	USTN 2.35% MAT	01/31/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39183	COMM	21687BNX5	RABO DISC NOTE	01/31/2019	MERRILL LYNCH	RABOBANK		50,000,000.00		**50,000,000.00**
39184	COMM	63873KNX1	NATXNY DISC NOTE	01/31/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
39185	COMM	313384BG3	FHDN DISC NOTE	01/31/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39186	COMM	313384BG3	FHDN DISC NOTE	01/31/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39187	COMM	04249LNX0	ARMEXH DISC NOTE	01/31/2019	CITIGROUP GLOBAL	ARMY & AIR FORCE		19,000,000.00		**19,000,000.00**
38309	COMM	912828B33	UNITED STATES	01/31/2019	Daiwa Capital Market	U.S. TREASURY			187,500.00	**187,500.00**
38457	COMM	9128282K5	UNITED STATES	01/31/2019	JEFFERIES & CO,	U.S. TREASURY			171,875.00	**171,875.00**
38562	COMM	22534H3T6	CREDIT AGRICOLE	01/31/2019	JPMorganChase	Credit Agricole CIB			944,387.50	**944,387.50**
38563	COMM	89113XE26	TORONTO	01/31/2019	JPMorganChase	TORONTO			1,066,041.67	**1,066,041.67**
39102	COMM	912828Y46	UNITED STATES	01/31/2019	MERRILL LYNCH	U.S. TREASURY			196,875.00	**196,875.00**
39102	COMM	912828Y46	UNITED STATES	01/31/2019	MERRILL LYNCH	U.S. TREASURY		153,006.11	-153,006.11	**0.00**
39182	COMM	SYS39182	USTN 2.35% MAT	01/31/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,055.56	**13,055.56**
		Totals for 01/31/2019					**499,981,035.96**	**769,153,006.11**	**2,426,728.62**	**271,598,698.77**
39197	COMM	313384BL2	FHDN DISC NOTE	02/01/2019	UBS FINANCE	FHLB DISCOUNT	199,961,666.68			**-199,961,666.68**
39198	COMM	313384BL2	FHDN DISC NOTE	02/01/2019	MIZUHO	FHLB DISCOUNT	49,990,416.67			**-49,990,416.67**
39199	COMM	3134GSS63	FEDERAL HOME LN	02/01/2019	INCAPITAL LLC	FHLMC NOTES	10,185,792.17			**-10,185,792.17**
39201	COMM	63873KP43	NATXNY DISC NOTE	02/01/2019	MERRILL LYNCH	Natixis NY Branch	49,990,166.67			**-49,990,166.67**
39196	COMM	SYS39196	USTN 2.44% MAT	02/01/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39200	COMM	93114FPR9	WMTPP DISC NOTE	02/01/2019	CITIGROUP GLOBAL	WALMART STORES	74,880,500.00			**-74,880,500.00**
37399	COMM	3133EG5Q4	FFCB 1.3% MAT	02/01/2019	INCAPITAL LLC	FFCB NOTES		20,000,000.00		**20,000,000.00**
38456	COMM	34959TMZ6	BNP 2.29% MAT	02/01/2019	UBS FINANCE	BNP PARIBAS NY		60,000,000.00		**60,000,000.00**
39191	COMM	SYS39191	USTN 2.55% MAT	02/01/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39192	COMM	313384BH1	FHDN DISC NOTE	02/01/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39193	COMM	313384BH1	FHDN DISC NOTE	02/01/2019	UBS FINANCE	FHLB DISCOUNT		195,087,000.00		**195,087,000.00**
39194	COMM	313384BH1	FHDN DISC NOTE	02/01/2019	UBS FINANCE	FHLB DISCOUNT		4,913,000.00		**4,913,000.00**
39195	COMM	63873KP19	NATXNY DISC NOTE	02/01/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
37399	COMM	3133EG5Q4	FFCB 1.3% MAT	02/01/2019	INCAPITAL LLC	FFCB NOTES			130,000.00	**130,000.00**
38456	COMM	34959TMZ6	BNP 2.29% MAT	02/01/2019	UBS FINANCE	BNP PARIBAS NY			1,339,650.00	**1,339,650.00**
39191	COMM	SYS39191	USTN 2.55% MAT	02/01/2019	BARCLAYS CAPITAL	U.S. TREASURY			14,166.67	**14,166.67**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
		Totals for 02/01/2019					**585,008,542.19**	**580,000,000.00**	**1,483,816.67**	**-3,524,725.52**
39206	COMM	3133EGXA8	FEDERAL FARM CR	02/04/2019	DEUTSCHE BANK	FFCB NOTES	17,403,385.63			**-17,403,385.63**
39204	COMM	313384BM0	FHDN DISC NOTE	02/04/2019	UBS FINANCE	FHLB DISCOUNT	199,987,333.32			**-199,987,333.32**
39205	COMM	313384BM0	FHDN DISC NOTE	02/04/2019	MIZUHO	FHLB DISCOUNT	49,996,833.33			**-49,996,833.33**
39202	COMM	63873KP50	NATXNY DISC NOTE	02/04/2019	MERRILL LYNCH	Natixis NY Branch	49,996,722.22			**-49,996,722.22**
39207	COMM	90331HPA5	UBS F 3.% MAT	02/04/2019	Academy Securities	UBS FINANCE	2,997,570.00			**-2,997,570.00**
39203	COMM	SYS39203	USTN 2.37% MAT	02/04/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39196	COMM	SYS39196	USTN 2.44% MAT	02/04/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39197	COMM	313384BL2	FHDN DISC NOTE	02/04/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39198	COMM	313384BL2	FHDN DISC NOTE	02/04/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39201	COMM	63873KP43	NATXNY DISC NOTE	02/04/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
36918	COMM	037833CB4	APPLE INC, SR GLBL	02/04/2019	MERRILL LYNCH	APPLE INC			165,000.00	**165,000.00**
37253	COMM	3135G0N33	FNMA 0.875% MAT	02/04/2019	KEYBANC CAPITAL	FNMA NOTES			87,500.00	**87,500.00**
37404	COMM	3133EG6C4	FEDERAL FARM CR	02/04/2019	INCAPITAL LLC	FFCB NOTES			116,250.00	**116,250.00**
38367	COMM	3135G0N33	FNMA 0.875% MAT	02/04/2019	DEUTSCHE BANK	FNMA NOTES			175,000.00	**175,000.00**
39196	COMM	SYS39196	USTN 2.44% MAT	02/04/2019	BARCLAYS CAPITAL	U.S. TREASURY			40,666.66	**40,666.66**
34292	COMM	SYS34292	MSTI 0.%	02/04/2019		MORGAN STANLEY			379.23	**379.23**
34292	COMM	SYS34292	MSTI 0.%	02/04/2019		MORGAN STANLEY	379.23			**-379.23**
37590	COMM	SYS37590	JPM TE 0.44%	02/04/2019	JPMorganChase	JP MORGAN US			644,465.71	**644,465.71**
37590	COMM	SYS37590	JPM TE 0.44%	02/04/2019	JPMorganChase	JP MORGAN US	644,465.71			**-644,465.71**
		Totals for 02/04/2019					**521,026,689.44**	**500,000,000.00**	**1,229,261.60**	**-19,797,427.84**
39210	COMM	313384BN8	FHDN DISC NOTE	02/05/2019	UBS FINANCE	FHLB DISCOUNT	199,987,388.88			**-199,987,388.88**
39211	COMM	313384BN8	FHDN DISC NOTE	02/05/2019	MIZUHO	FHLB DISCOUNT	49,996,847.22			**-49,996,847.22**
39208	COMM	63873KP68	NATXNY DISC NOTE	02/05/2019	MERRILL LYNCH	Natixis NY Branch	49,996,722.22			**-49,996,722.22**
39209	COMM	SYS39209	USTN 2.35% MAT	02/05/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
38980	COMM	313312BM1	FCDN DISC NOTE	02/05/2019	MIZUHO	FFCB DISCOUNT		25,000,000.00		**25,000,000.00**
39202	COMM	63873KP50	NATXNY DISC NOTE	02/05/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
39203	COMM	SYS39203	USTN 2.37% MAT	02/05/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39204	COMM	313384BM0	FHDN DISC NOTE	02/05/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39205	COMM	313384BM0	FHDN DISC NOTE	02/05/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
37372	COMM	3130A8Y72	FEDERAL HOME	02/05/2019	CITIGROUP GLOBAL	FHLB NOTES			153,125.00	**153,125.00**
38615	COMM	3130A8Y72	FEDERAL HOME	02/05/2019	KEYBANC CAPITAL	FHLB NOTES			109,375.00	**109,375.00**
39203	COMM	SYS39203	USTN 2.37% MAT	02/05/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.67	**13,166.67**
		Totals for 02/05/2019					**499,980,958.32**	**525,000,000.00**	**275,666.67**	**25,294,708.35**
39212	COMM	313384BP3	FHDN DISC NOTE	02/06/2019	MIZUHO	FHLB DISCOUNT	49,996,888.89			**-49,996,888.89**
39213	COMM	313384BP3	FHDN DISC NOTE	02/06/2019	UBS FINANCE	FHLB DISCOUNT	199,987,555.56			**-199,987,555.56**
39214	COMM	SYS39214	USTN 2.35% MAT	02/06/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39208	COMM	63873KP68	NATXNY DISC NOTE	02/06/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
39209	COMM	SYS39209	USTN 2.35% MAT	02/06/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39210	COMM	313384BN8	FHDN DISC NOTE	02/06/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39211	COMM	313384BN8	FHDN DISC NOTE	02/06/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
37419	COMM	594918BV5	MICROSOFT CORP,	02/06/2019	BARCLAYS CAPITAL	MICROSOFT CORP			138,750.00	**138,750.00**
39209	COMM	SYS39209	USTN 2.35% MAT	02/06/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,055.56	**13,055.56**
		Totals for 02/06/2019					**449,984,444.45**	**500,000,000.00**	**151,805.56**	**50,167,361.11**
39216	COMM	313384BQ1	FHDN DISC NOTE	02/07/2019	UBS FINANCE	FHLB DISCOUNT	199,987,388.88			**-199,987,388.88**
39217	COMM	313384BQ1	FHDN DISC NOTE	02/07/2019	MIZUHO	FHLB DISCOUNT	49,996,847.22			**-49,996,847.22**
39219	COMM	31381RLL6	FNMAM 3.84% MAT	02/07/2019	BOK FINANCIAL	FNMA Multi-Family	2,032,580.02			**-2,032,580.02**
39218	COMM	31381RLL6	FNMAM 3.84% MAT	02/07/2019	BOK FINANCIAL	FNMA Multi-Family	12,176,746.71			**-12,176,746.71**
39215	COMM	SYS39215	USTN 2.35% MAT	02/07/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39212	COMM	313384BP3	FHDN DISC NOTE	02/07/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39213	COMM	313384BP3	FHDN DISC NOTE	02/07/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39214	COMM	SYS39214	USTN 2.35% MAT	02/07/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39214	COMM	SYS39214	USTN 2.35% MAT	02/07/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,055.56	**13,055.56**
		Totals for 02/07/2019					**464,193,562.83**	**450,000,000.00**	**13,055.56**	**-14,180,507.27**
39220	COMM	05522RCY2	BACCT 2.7% MAT	02/08/2019	MERRILL LYNCH	BANK OF AMERICA	25,022,773.44			**-25,022,773.44**
39223	COMM	313384BT5	FHDN DISC NOTE	02/08/2019	UBS FINANCE	FHLB DISCOUNT	199,963,333.32			**-199,963,333.32**
39222	COMM	313384BT5	FHDN DISC NOTE	02/08/2019	MIZUHO	FHLB DISCOUNT	49,990,541.67			**-49,990,541.67**
39224	COMM	63873KPB7	NATXNY DISC NOTE	02/08/2019	MERRILL LYNCH	Natixis NY Branch	49,990,166.67			**-49,990,166.67**
39221	COMM	SYS39221	USTN 2.35% MAT	02/08/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
38974	COMM	63763QP84	NSCCPP DISC NOTE	02/08/2019	ROYAL BANK OF	NATL SEC		45,000,000.00		**45,000,000.00**
39215	COMM	SYS39215	USTN 2.35% MAT	02/08/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39216	COMM	313384BQ1	FHDN DISC NOTE	02/08/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39217	COMM	313384BQ1	FHDN DISC NOTE	02/08/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
36923	COMM	594918BN3	MICROSOFT CORP,	02/08/2019	MERRILL LYNCH	MICROSOFT CORP			55,000.00	**55,000.00**
39215	COMM	SYS39215	USTN 2.35% MAT	02/08/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,055.56	**13,055.56**
		Totals for 02/08/2019					**524,966,815.10**	**495,000,000.00**	**68,055.56**	**-29,898,759.54**
39225	COMM	313384BU2	FHDN DISC NOTE	02/11/2019	MIZUHO	FHLB DISCOUNT	49,996,833.33			**-49,996,833.33**
39226	COMM	313384BU2	FHDN DISC NOTE	02/11/2019	UBS FINANCE	FHLB DISCOUNT	199,987,333.32			**-199,987,333.32**
39228	COMM	63873KPC5	NATXNY DISC NOTE	02/11/2019	MERRILL LYNCH	Natixis NY Branch	49,996,722.22			**-49,996,722.22**
39227	COMM	SYS39227	USTN 2.38% MAT	02/11/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
38610	COMM	313312BT6	FCDN ZERO CPN	02/11/2019	MIZUHO	FFCB DISCOUNT		36,000,000.00		**36,000,000.00**
38788	COMM	7426M3PB9	PEFCO ZERO CPN	02/11/2019	WILLIAMS CAPITAL	PRIVATE EXPORT		30,000,000.00		**30,000,000.00**
39221	COMM	SYS39221	USTN 2.35% MAT	02/11/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39222	COMM	313384BT5	FHDN DISC NOTE	02/11/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39223	COMM	313384BT5	FHDN DISC NOTE	02/11/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39224	COMM	63873KPB7	NATXNY DISC NOTE	02/11/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
36117	COMM	3130A3XL3	FEDERAL HOME	02/11/2019	INCAPITAL LLC	FHLB NOTES			54,375.00	**54,375.00**
39221	COMM	SYS39221	USTN 2.35% MAT	02/11/2019	BARCLAYS CAPITAL	U.S. TREASURY			39,166.65	**39,166.65**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
		Totals for 02/11/2019					**499,980,888.87**	**566,000,000.00**	**93,541.65**	**66,112,652.78**
39229	COMM	313384BV0	FHDN DISC NOTE	02/12/2019	MIZUHO	FHLB DISCOUNT	49,996,833.33			**-49,996,833.33**
39230	COMM	313384BV0	FHDN DISC NOTE	02/12/2019	UBS FINANCE	FHLB DISCOUNT	199,987,333.32			**-199,987,333.32**
39232	COMM	63873KPD3	NATXNY DISC NOTE	02/12/2019	MERRILL LYNCH	Natixis NY Branch	49,996,722.22			**-49,996,722.22**
39231	COMM	7426M3UF4	PEFCO DISC NOTE	02/12/2019	WILLIAMS CAPITAL	PRIVATE EXPORT	29,674,875.00			**-29,674,875.00**
39233	COMM	SYS39233	USTN 2.34% MAT	02/12/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
36584	COMM	3133EFZN0	FEDERAL FARM CR	02/12/2019	INCAPITAL LLC	FFCB NOTES		15,000,000.00		**15,000,000.00**
39225	COMM	313384BU2	FHDN DISC NOTE	02/12/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39226	COMM	313384BU2	FHDN DISC NOTE	02/12/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39227	COMM	SYS39227	USTN 2.38% MAT	02/12/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39228	COMM	63873KPC5	NATXNY DISC NOTE	02/12/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
36584	COMM	3133EFZN0	FEDERAL FARM CR	02/12/2019	INCAPITAL LLC	FFCB NOTES			77,250.00	**77,250.00**
36989	COMM	3137EAEC9	FEDERAL HOME LN	02/12/2019	KEYBANC CAPITAL	FHLMC NOTES			112,500.00	**112,500.00**
36992	COMM	3137EAEC9	FEDERAL HOME LN	02/12/2019	KEYBANC CAPITAL	FHLMC NOTES			56,250.00	**56,250.00**
38123	COMM	594918AY0	MICROSOFT CORP,	02/12/2019	INCAPITAL LLC	MICROSOFT CORP			130,388.00	**130,388.00**
39227	COMM	SYS39227	USTN 2.38% MAT	02/12/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,222.22	**13,222.22**
		Totals for 02/12/2019					**529,655,763.87**	**515,000,000.00**	**389,610.22**	**-14,266,153.65**
39234	COMM	313384BW8	FHDN DISC NOTE	02/13/2019	UBS FINANCE	FHLB DISCOUNT	199,987,333.32			**-199,987,333.32**
39235	COMM	313384BW8	FHDN DISC NOTE	02/13/2019	MIZUHO	FHLB DISCOUNT	99,993,666.66			**-99,993,666.66**
39236	COMM	63873KPE1	NATXNY DISC NOTE	02/13/2019	MERRILL LYNCH	Natixis NY Branch	49,996,722.22			**-49,996,722.22**
39237	COMM	SYS39237	USTN 2.36% MAT	02/13/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39229	COMM	313384BV0	FHDN DISC NOTE	02/13/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39230	COMM	313384BV0	FHDN DISC NOTE	02/13/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39232	COMM	63873KPD3	NATXNY DISC NOTE	02/13/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
39233	COMM	SYS39233	USTN 2.34% MAT	02/13/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39233	COMM	SYS39233	USTN 2.34% MAT	02/13/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,000.00	**13,000.00**
		Totals for 02/13/2019					**549,977,722.20**	**500,000,000.00**	**13,000.00**	**-49,964,722.20**
39239	COMM	313384BX6	FHDN DISC NOTE	02/14/2019	UBS FINANCE	FHLB DISCOUNT	199,987,333.32			**-199,987,333.32**
39240	COMM	313384BX6	FHDN DISC NOTE	02/14/2019	MIZUHO	FHLB DISCOUNT	99,993,667.00			**-99,993,667.00**
39238	COMM	SYS39238	USTN 2.36% MAT	02/14/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39234	COMM	313384BW8	FHDN DISC NOTE	02/14/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39235	COMM	313384BW8	FHDN DISC NOTE	02/14/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39236	COMM	63873KPE1	NATXNY DISC NOTE	02/14/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
39237	COMM	SYS39237	USTN 2.36% MAT	02/14/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
38832	COMM	084670BL1	BERKSHIRE	02/14/2019	INCAPITAL LLC	BERKSHIRE			62,506.50	**62,506.50**
39237	COMM	SYS39237	USTN 2.36% MAT	02/14/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,111.11	**13,111.11**
		Totals for 02/14/2019					**499,981,000.32**	**550,000,000.00**	**75,617.61**	**50,094,617.29**
39242	COMM	313384CB3	FHDN DISC NOTE	02/15/2019	UBS FINANCE	FHLB DISCOUNT	199,948,888.88			**-199,948,888.88**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39243	COMM	313384CB3	FHDN DISC NOTE	02/15/2019	MIZUHO	FHLB DISCOUNT	99,974,444.00			**-99,974,444.00**
39244	COMM	63873KPK7	NATXNY DISC NOTE	02/15/2019	MERRILL LYNCH	Natixis NY Branch	49,986,888.89			**-49,986,888.89**
39245	COMM	7426M3UC1	PEFCO DISC NOTE	02/15/2019		PRIVATE EXPORT	49,481,416.67			**-49,481,416.67**
39241	COMM	SYS39241	USTN 2.41% MAT	02/15/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
36753	COMM	89231UAD9	TOYO 1.3% MAT	02/15/2019	CITIGROUP GLOBAL	TOYOTA AUTO REC		177,201.60		**177,201.60**
36753	COMM	89231UAD9	TOYO 1.3% MAT	02/15/2019	CITIGROUP GLOBAL	TOYOTA AUTO REC		9.06		**9.06**
38766	COMM	7426M3PF0	PEFCO ZERO CPN	02/15/2019	WILLIAMS CAPITAL	PRIVATE EXPORT		50,000,000.00		**50,000,000.00**
39238	COMM	SYS39238	USTN 2.36% MAT	02/15/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39239	COMM	313384BX6	FHDN DISC NOTE	02/15/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39240	COMM	313384BX6	FHDN DISC NOTE	02/15/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
36753	COMM	89231UAD9	TOYO 1.3% MAT	02/15/2019	CITIGROUP GLOBAL	TOYOTA AUTO REC			930.33	**930.33**
36881	COMM	459058FK4	IBRD 0.875% MAT	02/15/2019		INTL BANK RECON &			175,200.00	**175,200.00**
36933	COMM	084664CK5	BERKSHIRE	02/15/2019	BANK OF AMERICA	BERKSHIRE			65,000.00	**65,000.00**
39238	COMM	SYS39238	USTN 2.36% MAT	02/15/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,111.11	**13,111.11**
36557	COMM	65478UAD1	NALT 1.34% MAT	02/15/2019	MERRILL LYNCH	NISSAN AUTO			2,049.16	**2,049.16**
36557	COMM	65478UAD1	NALT 1.34% MAT	02/15/2019	MERRILL LYNCH	NISSAN AUTO		273,199.81		**273,199.81**
36600	COMM	47788MAC4	JDOT 1.36% MAT	02/15/2019	MERRILL LYNCH	JOHN DEERE			1,540.09	**1,540.09**
36600	COMM	47788MAC4	JDOT 1.36% MAT	02/15/2019	MERRILL LYNCH	JOHN DEERE		594,787.46		**594,787.46**
36601	COMM	89237KAD5	TAOT 1.25% MAT	02/15/2019	MERRILL LYNCH	TOYOTA AUTO REC			2,239.77	**2,239.77**
36601	COMM	89237KAD5	TAOT 1.25% MAT	02/15/2019	MERRILL LYNCH	TOYOTA AUTO REC		611,623.16		**611,623.16**
36800	COMM	43814QAC2	HAROT 1.39% MAT	02/15/2019	MERRILL LYNCH	HONDA AUTO			2,862.00	**2,862.00**
36800	COMM	43814QAC2	HAROT 1.39% MAT	02/15/2019	MERRILL LYNCH	HONDA AUTO		518,484.19		**518,484.19**
36905	COMM	47788NAC2	JDOT 1.25% MAT	02/15/2019	ROYAL BANK OF	JOHN DEERE			2,881.39	**2,881.39**
36905	COMM	47788NAC2	JDOT 1.25% MAT	02/15/2019	ROYAL BANK OF	JOHN DEERE		690,869.65		**690,869.65**
36929	COMM	161571HF4	CHAIT 1.27% MAT	02/15/2019	JPMorganChase	CHASE ISSUANCE			24,341.66	**24,341.66**
36929	COMM	161571HF4	CHAIT 1.27% MAT	02/15/2019	JPMorganChase	CHASE ISSUANCE		869,132.98		**869,132.98**
36956	COMM	58769BAD6	MBART 1.26% MAT	02/15/2019	CITIGROUP GLOBAL	MERCEDES -BENZ			5,302.01	**5,302.01**
36956	COMM	58769BAD6	MBART 1.26% MAT	02/15/2019	CITIGROUP GLOBAL	MERCEDES -BENZ		541,763.10		**541,763.10**
37035	COMM	89231LAD9	TAOT 1.23% MAT	02/15/2019	JPMorganChase	TOYOTA AUTO REC			7,693.17	**7,693.17**
37035	COMM	89231LAD9	TAOT 1.23% MAT	02/15/2019	JPMorganChase	TOYOTA AUTO REC		885,914.44		**885,914.44**
37507	COMM	47787XAC1	JDOT 1.78% MAT	02/15/2019	BANK OF AMERICA	JOHN DEERE			10,180.98	**10,180.98**
37507	COMM	47787XAC1	JDOT 1.78% MAT	02/15/2019	BANK OF AMERICA	JOHN DEERE		747,981.73		**747,981.73**
37568	COMM	89238MAD0	TAOT 1.73% MAT	02/15/2019	BANK OF AMERICA	TOYOTA AUTO REC			11,960.48	**11,960.48**
37568	COMM	89238MAD0	TAOT 1.73% MAT	02/15/2019	BANK OF AMERICA	TOYOTA AUTO REC		704,083.51		**704,083.51**
37862	COMM	02582JHG8	AMXCA 1.64% MAT	02/15/2019	ROYAL BANK OF	American Express			46,466.68	**46,466.68**
37862	COMM	02582JHG8	AMXCA 1.64% MAT	02/15/2019	ROYAL BANK OF	American Express		1,066,839.84		**1,066,839.84**
37976	COMM	43811BAC8	HAROT 1.68% MAT	02/15/2019	CITIGROUP GLOBAL	HONDA AUTO			39,200.00	**39,200.00**
37976	COMM	43811BAC8	HAROT 1.68% MAT	02/15/2019	CITIGROUP GLOBAL	HONDA AUTO		1,454,501.38		**1,454,501.38**
38137	COMM	89238KAD4	TAOT 1.93% MAT	02/15/2019	JPMorganChase	TOYOTA AUTO REC			38,599.99	**38,599.99**
38137	COMM	89238KAD4	TAOT 1.93% MAT	02/15/2019	JPMorganChase	TOYOTA AUTO REC		689,241.76		**689,241.76**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
38475	COMM	65478DAD9	NALT 2.65% MAT	02/15/2019	MERRILL LYNCH	NISSAN AUTO			40,854.16	**40,854.16**
38475	COMM	65478DAD9	NALT 2.65% MAT	02/15/2019	MERRILL LYNCH	NISSAN AUTO		468,085.34		**468,085.34**
38476	COMM	47788CAC6	JDOT 2.66% MAT	02/15/2019	ROYAL BANK OF	JOHN DEERE			18,287.50	**18,287.50**
38476	COMM	47788CAC6	JDOT 2.66% MAT	02/15/2019	ROYAL BANK OF	JOHN DEERE		212,368.41		**212,368.41**
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	02/15/2019	BARCLAYS CAPITAL	American Express			100,125.00	**100,125.00**
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	02/15/2019	BARCLAYS CAPITAL	American Express		1,011,642.76		**1,011,642.76**
38708	COMM	161571HN7	CHAIT 2.1227% MAT	02/15/2019	BARCLAYS CAPITAL	CHASE ISSUANCE			86,309.83	**86,309.83**
38708	COMM	161571HN7	CHAIT 2.1227% MAT	02/15/2019	BARCLAYS CAPITAL	CHASE ISSUANCE		726,342.14		**726,342.14**
38785	COMM	58769DAE0	MBALT 2.01% MAT	02/15/2019	BOK FINANCIAL	MERCEDES-BENZ			6,700.00	**6,700.00**
38785	COMM	58769DAE0	MBALT 2.01% MAT	02/15/2019	BOK FINANCIAL	MERCEDES-BENZ		91,589.09		**91,589.09**
38958	COMM	89231PAD0	TAOT 3.18% MAT	02/15/2019	JPMorganChase	TOYOTA AUTO REC			26,500.00	**26,500.00**
38958	COMM	89231PAD0	TAOT 3.18% MAT	02/15/2019	JPMorganChase	TOYOTA AUTO REC		192,185.33		**192,185.33**
39013	COMM	43815AAC6	HAROT 3.16% MAT	02/15/2019	JPMorganChase	HONDA AUTO			57,274.99	**57,274.99**
39013	COMM	43815AAC6	HAROT 3.16% MAT	02/15/2019	JPMorganChase	HONDA AUTO		427,071.49		**427,071.49**
39062	COMM	05522RCZ9	BACCT 3.% MAT	02/15/2019	ROYAL BANK OF	BANK OF AMERICA			50,350.00	**50,350.00**
39062	COMM	05522RCZ9	BACCT 3.% MAT	02/15/2019	ROYAL BANK OF	BANK OF AMERICA		362,232.66		**362,232.66**
39082	COMM	05522RDA3	BACCT 3.1% MAT	02/15/2019	ROYAL BANK OF	BANK OF AMERICA			38,750.00	**38,750.00**
39082	COMM	05522RDA3	BACCT 3.1% MAT	02/15/2019	ROYAL BANK OF	BANK OF AMERICA		248,051.93		**248,051.93**
39190	COMM	58772TAC4	MBALT 3.1% MAT	02/15/2019	MERRILL LYNCH	MERCEDES-BENZ			12,916.67	**12,916.67**
39190	COMM	58772TAC4	MBALT 3.1% MAT	02/15/2019	MERRILL LYNCH	MERCEDES-BENZ		283,382.43		**283,382.43**
39220	COMM	05522RCY2	BACCT 2.7% MAT	02/15/2019	MERRILL LYNCH	BANK OF AMERICA			56,250.00	**56,250.00**
39220	COMM	05522RCY2	BACCT 2.7% MAT	02/15/2019	MERRILL LYNCH	BANK OF AMERICA		471,820.18		**471,820.18**
39220	COMM	05522RCY2	BACCT 2.7% MAT	02/15/2019	MERRILL LYNCH	BANK OF AMERICA			-43,125.00	**-43,125.00**
39220	COMM	05522RCY2	BACCT 2.7% MAT	02/15/2019	MERRILL LYNCH	BANK OF AMERICA				**0.00**
		Totals for 02/15/2019					**599,391,638.44**	**564,320,405.43**	**900,751.97**	**-34,170,481.04**
39246	COMM	313384CC1	FHDN DISC NOTE	02/19/2019	MIZUHO	FHLB DISCOUNT	99,993,611.12			**-99,993,611.12**
39247	COMM	313384CC1	FHDN DISC NOTE	02/19/2019	UBS FINANCE	FHLB DISCOUNT	199,987,222.24			**-199,987,222.24**
39248	COMM	SYS39248	USTN 2.37% MAT	02/19/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39241	COMM	SYS39241	USTN 2.41% MAT	02/19/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39242	COMM	313384CB3	FHDN DISC NOTE	02/19/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39243	COMM	313384CB3	FHDN DISC NOTE	02/19/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39244	COMM	63873KPK7	NATXNY DISC NOTE	02/19/2019	MERRILL LYNCH	Natixis NY Branch		50,000,000.00		**50,000,000.00**
38462	COMM	3137EAEL9	FEDERAL HOME LN	02/19/2019	BARCLAYS CAPITAL	FHLMC NOTES			534,375.00	**534,375.00**
39118	COMM	3134G94B0	FEDERAL HOME LN	02/19/2019	BREAN CAPITAL LLC	FHLMC NOTES			22,500.00	**22,500.00**
39118	COMM	3134G94B0	FEDERAL HOME LN	02/19/2019	BREAN CAPITAL LLC	FHLMC NOTES		16,250.00	-16,250.00	**0.00**
39241	COMM	SYS39241	USTN 2.41% MAT	02/19/2019	BARCLAYS CAPITAL	U.S. TREASURY			53,555.55	**53,555.55**
36587	COMM	43814NAC9	HAROT 1.22% MAT	02/19/2019	JPMorganChase	HONDA AUTO			1,159.38	**1,159.38**
36587	COMM	43814NAC9	HAROT 1.22% MAT	02/19/2019	JPMorganChase	HONDA AUTO		578,859.11		**578,859.11**
37059	COMM	43814RAC0	HAROT 1.21% MAT	02/19/2019	BARCLAYS CAPITAL	HONDA AUTO			6,969.29	**6,969.29**
37059	COMM	43814RAC0	HAROT 1.21% MAT	02/19/2019	BARCLAYS CAPITAL	HONDA AUTO		679,137.49		**679,137.49**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
38738	COMM	43814UAG4	HAROT 3.01% MAT	02/19/2019	BARCLAYS CAPITAL	HONDA AUTO			30,100.00	**30,100.00**
38738	COMM	43814UAG4	HAROT 3.01% MAT	02/19/2019	BARCLAYS CAPITAL	HONDA AUTO		303,289.08		**303,289.08**
		Totals for 02/19/2019					**499,980,833.36**	**551,577,535.68**	**632,409.22**	**52,229,111.54**
39252	COMM	13606BQ33	CIBCNY 2.58% MAT	02/20/2019	JPMorganChase	Canadian IMP BK	50,000,000.00			**-50,000,000.00**
39250	COMM	313384CD9	FHDN DISC NOTE	02/20/2019	MIZUHO	FHLB DISCOUNT	99,993,611.12			**-99,993,611.12**
39251	COMM	313384CD9	FHDN DISC NOTE	02/20/2019	UBS FINANCE	FHLB DISCOUNT	199,987,222.24			**-199,987,222.24**
39249	COMM	SYS39249	USTN 2.37% MAT	02/20/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39246	COMM	313384CC1	FHDN DISC NOTE	02/20/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39247	COMM	313384CC1	FHDN DISC NOTE	02/20/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39248	COMM	SYS39248	USTN 2.37% MAT	02/20/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39248	COMM	SYS39248	USTN 2.37% MAT	02/20/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.68	**13,166.68**
37036	COMM	05582XAD4	BMWLT 1.43% MAT	02/20/2019	MIZUHO	BMW VEHICLE			1,319.98	**1,319.98**
37036	COMM	05582XAD4	BMWLT 1.43% MAT	02/20/2019	MIZUHO	BMW VEHICLE		1,014,318.96		**1,014,318.96**
		Totals for 02/20/2019					**549,980,833.36**	**501,014,318.96**	**14,486.66**	**-48,952,027.74**
39254	COMM	22533UTM5	CACPNY DISC NOTE	02/21/2019	JPMorganChase	Credit Agricole Corp	24,791,666.67			**-24,791,666.67**
39255	COMM	313384CE7	FHDN DISC NOTE	02/21/2019	UBS FINANCE	FHLB DISCOUNT	199,987,222.24			**-199,987,222.24**
39256	COMM	313384CE7	FHDN DISC NOTE	02/21/2019	MIZUHO	FHLB DISCOUNT	99,993,611.12			**-99,993,611.12**
39253	COMM	SYS39253	USTN 2.37% MAT	02/21/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39249	COMM	SYS39249	USTN 2.37% MAT	02/21/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39250	COMM	313384CD9	FHDN DISC NOTE	02/21/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39251	COMM	313384CD9	FHDN DISC NOTE	02/21/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39249	COMM	SYS39249	USTN 2.37% MAT	02/21/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.67	**13,166.67**
37615	COMM	43814TAC6	HAROT 1.72% MAT	02/21/2019	BANK OF AMERICA	HONDA AUTO			18,146.98	**18,146.98**
37615	COMM	43814TAC6	HAROT 1.72% MAT	02/21/2019	BANK OF AMERICA	HONDA AUTO		891,530.24		**891,530.24**
		Totals for 02/21/2019					**524,772,500.03**	**500,891,530.24**	**31,313.65**	**-23,849,656.14**
39258	COMM	313384CH0	FHDN ZERO CPN	02/22/2019	UBS FINANCE	FHLB DISCOUNT	199,961,666.68			**-199,961,666.68**
39259	COMM	313384CH0	FHDN ZERO CPN	02/22/2019	MIZUHO	FHLB DISCOUNT	99,980,833.34			**-99,980,833.34**
39257	COMM	SYS39257	BC 2.37% MAT	02/22/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
36576	COMM	3136G2WX1	FEDERAL NATL MTG	02/22/2019	INCAPITAL LLC	FNMA NOTES		15,500,000.00		**15,500,000.00**
39253	COMM	SYS39253	USTN 2.37% MAT	02/22/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39255	COMM	313384CE7	FHDN DISC NOTE	02/22/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39256	COMM	313384CE7	FHDN DISC NOTE	02/22/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
36576	COMM	3136G2WX1	FEDERAL NATL MTG	02/22/2019	INCAPITAL LLC	FNMA NOTES			96,875.00	**96,875.00**
37454	COMM	3134G3A91	FEDERAL HOME LN	02/22/2019	INCAPITAL LLC	FHLMC NOTES			140,000.00	**140,000.00**
39253	COMM	SYS39253	USTN 2.37% MAT	02/22/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.66	**13,166.66**
		Totals for 02/22/2019					**499,942,500.02**	**515,500,000.00**	**250,041.66**	**15,807,541.64**
39260	COMM	313384CJ6	FHDN DISC NOTE	02/25/2019	UBS FINANCE	FHLB DISCOUNT	199,987,222.24			**-199,987,222.24**
39261	COMM	313384CJ6	FHDN DISC NOTE	02/25/2019	MIZUHO	FHLB DISCOUNT	99,993,611.00			**-99,993,611.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39262	COMM	SYS39262	USTN 2.37% MAT	02/25/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
38543	COMM	313384CH0	FHDN ZERO CPN	02/25/2019	LOOP CAPITAL	FHLB DISCOUNT		17,300,000.00		**17,300,000.00**
39200	COMM	93114FPR9	WMTPP DISC NOTE	02/25/2019	CITIGROUP GLOBAL	WALMART STORES		75,000,000.00		**75,000,000.00**
39257	COMM	SYS39257	BC 2.37% MAT	02/25/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39258	COMM	313384CH0	FHDN ZERO CPN	02/25/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39259	COMM	313384CH0	FHDN ZERO CPN	02/25/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
36583	COMM	3134G8JT7	FEDERAL HOME LN	02/25/2019	INCAPITAL LLC	FHLMC NOTES			93,750.00	**93,750.00**
37817	COMM	3134GBPM8	FEDERAL HOME LN	02/25/2019	INCAPITAL LLC	FHLMC NOTES			150,000.00	**150,000.00**
39257	COMM	SYS39257	BC 2.37% MAT	02/25/2019	BARCLAYS CAPITAL	U.S. TREASURY			39,500.01	**39,500.01**
36893	COMM	05582QAD9	BMWOT 1.16% MAT	02/25/2019	JPMorganChase	BMW VEHICLE			3,842.00	**3,842.00**
36893	COMM	05582QAD9	BMWOT 1.16% MAT	02/25/2019	JPMorganChase	BMW VEHICLE		556,654.89		**556,654.89**
38387	COMM	3137AYCE9	FHLMCM 2.682%	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			44,700.00	**44,700.00**
38387	COMM	3137AYCE9	FHLMCM 2.682%	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		518,070.60		**518,070.60**
38391	COMM	3137AYCE9	FHLMCM 2.682%	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			16,762.50	**16,762.50**
38391	COMM	3137AYCE9	FHLMCM 2.682%	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		194,178.89		**194,178.89**
38412	COMM	09659QAD9	BMWOT 2.35% MAT	02/25/2019	JPMorganChase	BMW VEHICLE			62,666.66	**62,666.66**
38412	COMM	09659QAD9	BMWOT 2.35% MAT	02/25/2019	JPMorganChase	BMW VEHICLE		858,812.77		**858,812.77**
38465	COMM	3137AWQH1	FHLMCM 2.307%	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			10,727.55	**10,727.55**
38465	COMM	3137AWQH1	FHLMCM 2.307%	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		146,519.14		**146,519.14**
38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	02/25/2019	BOK FINANCIAL	FNMA Multi-Family			7,767.69	**7,767.69**
38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	02/25/2019	BOK FINANCIAL	FNMA Multi-Family		5,484.60		**5,484.60**
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	02/25/2019	BARCLAYS CAPITAL	FHLMC Multi-Family			55,333.34	**55,333.34**
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	02/25/2019	BARCLAYS CAPITAL	FHLMC Multi-Family		482,654.31		**482,654.31**
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	02/25/2019	VINING SPARKS IBG	FNMA Multi-Family			10,819.94	**10,819.94**
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	02/25/2019	VINING SPARKS IBG	FNMA Multi-Family		59,531.13		**59,531.13**
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	02/25/2019	JPMorganChase	FNMA Multi-Family			10,819.94	**10,819.94**
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	02/25/2019	JPMorganChase	FNMA Multi-Family		59,531.13		**59,531.13**
38666	COMM	3137AYCE9	FHLMCM 2.682%	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			26,250.08	**26,250.08**
38666	COMM	3137AYCE9	FHLMCM 2.682%	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		298,565.63		**298,565.63**
38744	COMM	3137AYCE9	FHLMCM 2.682%	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			44,700.00	**44,700.00**
38744	COMM	3137AYCE9	FHLMCM 2.682%	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		508,593.87		**508,593.87**
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			12,176.25	**12,176.25**
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	02/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		104,976.35		**104,976.35**
38864	COMM	3137B5JM6	FHLMCM 3.531%	02/25/2019	INCAPITAL LLC	FHLMC Multi-Family			29,425.00	**29,425.00**
38864	COMM	3137B5JM6	FHLMCM 3.531%	02/25/2019	INCAPITAL LLC	FHLMC Multi-Family		221,304.43		**221,304.43**
38884	COMM	31381N7G2	FNMAM 3.27% MAT	02/25/2019	BOK FINANCIAL	FNMA Multi-Family			9,749.73	**9,749.73**
38884	COMM	31381N7G2	FNMAM 3.27% MAT	02/25/2019	BOK FINANCIAL	FNMA Multi-Family		6,177.72		**6,177.72**
38945	COMM	3137B3NA2	FHLMC REMIC	02/25/2019	INCAPITAL LLC	FHLMC Multi-Family			28,723.99	**28,723.99**
38945	COMM	3137B3NA2	FHLMC REMIC	02/25/2019	INCAPITAL LLC	FHLMC Multi-Family		243,775.39		**243,775.39**
39026	COMM	3137B5KW2	FHLMC SERIES	02/25/2019	INCAPITAL LLC	FHLMC Multi-Family			28,816.67	**28,816.67**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39026	COMM	3137B5KW2	FHLMC SERIES	02/25/2019	INCAPITAL LLC	FHLMC Multi-Family		217,375.20		**217,375.20**
39093	COMM	3137FBUV6	FHLMCM 2.52688%	02/25/2019	BOK FINANCIAL	FHLMC Multi-Family			46,890.78	**46,890.78**
39093	COMM	3137FBUV6	FHLMCM 2.52688%	02/25/2019	BOK FINANCIAL	FHLMC Multi-Family		1,137,063.39		**1,137,063.39**
39150	COMM	31381TYT1	FNMAM 2.75% MAT	02/25/2019	BOK FINANCIAL	FNMA Multi-Family			71,333.91	**71,333.91**
39150	COMM	31381TYT1	FNMAM 2.75% MAT	02/25/2019	BOK FINANCIAL	FNMA Multi-Family		59,706.74		**59,706.74**
39150	COMM	31381TYT1	FNMAM 2.75% MAT	02/25/2019	BOK FINANCIAL	FNMA Multi-Family			-29,914.22	**-29,914.22**
39150	COMM	31381TYT1	FNMAM 2.75% MAT	02/25/2019	BOK FINANCIAL	FNMA Multi-Family				**0.00**
39158	COMM	31381RZ23	FNMAM 3.84% MAT	02/25/2019	KEYBANC CAPITAL	FNMA Multi-Family			48,238.90	**48,238.90**
39158	COMM	31381RZ23	FNMAM 3.84% MAT	02/25/2019	KEYBANC CAPITAL	FNMA Multi-Family		25,136.27		**25,136.27**
39158	COMM	31381RZ23	FNMAM 3.84% MAT	02/25/2019	KEYBANC CAPITAL	FNMA Multi-Family			-23,341.40	**-23,341.40**
39158	COMM	31381RZ23	FNMAM 3.84% MAT	02/25/2019	KEYBANC CAPITAL	FNMA Multi-Family				**0.00**
		Totals for 02/25/2019					**499,980,833.24**	**598,004,112.45**	**799,739.32**	**98,823,018.53**
39263	COMM	313384CK3	FHDN DISC NOTE	02/26/2019	UBS FINANCE	FHLB DISCOUNT	199,987,222.24			**-199,987,222.24**
39264	COMM	313384CK3	FHDN DISC NOTE	02/26/2019	MIZUHO	FHLB DISCOUNT	99,993,611.00			**-99,993,611.00**
39265	COMM	SYS39265	USTN 2.37% MAT	02/26/2019	BARCLAYS CAPITAL	U.S. TREASURY	200,000,000.00			**-200,000,000.00**
39065	COMM	45113VPS3	IBM DISC NOTE MAT	02/26/2019	CITIGROUP GLOBAL	IBM		45,000,000.00		**45,000,000.00**
39260	COMM	313384CJ6	FHDN DISC NOTE	02/26/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39261	COMM	313384CJ6	FHDN DISC NOTE	02/26/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39262	COMM	SYS39262	USTN 2.37% MAT	02/26/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
38466	COMM	3134GSFE0	FEDERAL HOME LN	02/26/2019	INCAPITAL LLC	FHLMC NOTES			250,000.00	**250,000.00**
39262	COMM	SYS39262	USTN 2.37% MAT	02/26/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.65	**13,166.65**
		Totals for 02/26/2019					**499,980,833.24**	**545,000,000.00**	**263,166.65**	**45,282,333.41**
39266	COMM	SYS39266	USTN 2.36% MAT	02/27/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39267	COMM	313384CL1	FHDN DISC NOTE	02/27/2019	UBS FINANCE	FHLB DISCOUNT	199,987,333.32			**-199,987,333.32**
39268	COMM	313384CL1	FHDN DISC NOTE	02/27/2019	MIZUHO	FHLB DISCOUNT	99,993,667.00			**-99,993,667.00**
39269	COMM	43814WAC9	HAROT 2.83% MAT	02/27/2019	MERRILL LYNCH	HONDA AUTO	13,749,631.50			**-13,749,631.50**
39263	COMM	313384CK3	FHDN DISC NOTE	02/27/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39264	COMM	313384CK3	FHDN DISC NOTE	02/27/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39265	COMM	SYS39265	USTN 2.37% MAT	02/27/2019	BARCLAYS CAPITAL	U.S. TREASURY		200,000,000.00		**200,000,000.00**
39265	COMM	SYS39265	USTN 2.37% MAT	02/27/2019	BARCLAYS CAPITAL	U.S. TREASURY			13,166.67	**13,166.67**
		Totals for 02/27/2019					**513,730,631.82**	**500,000,000.00**	**13,166.67**	**-13,717,465.15**
39270	COMM	SYS39270	BCREPO (USTN)	02/28/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39271	COMM	313384CM9	FHDN DISC NOTE	02/28/2019	UBS FINANCE	FHLB DISCOUNT	199,987,500.00			**-199,987,500.00**
39272	COMM	313384CM9	FHDN DISC NOTE	02/28/2019	MIZUHO	FHLB DISCOUNT	99,993,750.00			**-99,993,750.00**
39128	COMM	313384CL1	FHDN DISC NOTE	02/28/2019	UBS FINANCE	FHLB DISCOUNT		25,000,000.00		**25,000,000.00**
39266	COMM	SYS39266	USTN 2.36% MAT	02/28/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39267	COMM	313384CL1	FHDN DISC NOTE	02/28/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39268	COMM	313384CL1	FHDN DISC NOTE	02/28/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
37578	COMM	3134GA5T7	FHLMC 2.125% MAT	02/28/2019	INCAPITAL LLC	FHLMC NOTES			37,187.50	**37,187.50**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
37579	COMM	3134GA5T7	FHLMC 2.125% MAT	02/28/2019	INCAPITAL LLC	FHLMC NOTES			212,500.00	**212,500.00**
37580	COMM	3134GA6W9	FEDERAL HOME LN	02/28/2019	INCAPITAL LLC	FHLMC NOTES			83,625.00	**83,625.00**
38016	COMM	3130ABZE9	FEDERAL HOME	02/28/2019	INCAPITAL LLC	FHLB NOTES			69,300.00	**69,300.00**
38302	COMM	912828TN0	UNITED STATES	02/28/2019	DEUTSCHE BANK	U.S. TREASURY			125,000.00	**125,000.00**
38859	COMM	3130AC2P8	FEDERAL HOME	02/28/2019	KEYBANC CAPITAL	FHLB NOTES			90,000.00	**90,000.00**
38859	COMM	3130AC2P8	FEDERAL HOME	02/28/2019	KEYBANC CAPITAL	FHLB NOTES		9,500.00	-9,500.00	**0.00**
39266	COMM	SYS39266	USTN 2.36% MAT	02/28/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,111.12	**13,111.12**
		Totals for 02/28/2019					**499,981,250.00**	**525,009,500.00**	**621,223.62**	**25,649,473.62**
39275	COMM	SYS39275	BCREPO (USTN)	03/01/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39274	COMM	313384CQ0	FHDN DISC NOTE	03/01/2019	UBS FINANCE	FHLB DISCOUNT	199,961,666.00			**-199,961,666.00**
39273	COMM	313384CQ0	FHDN DISC NOTE	03/01/2019	MIZUHO	FHLB DISCOUNT	99,980,833.00			**-99,980,833.00**
38495	COMM	30231GAP7	EXXON MOBIL	03/01/2019	INCAPITAL LLC	EXXON MOBIL		6,744,000.00		**6,744,000.00**
38504	COMM	478160BR4	JOHNSON &	03/01/2019	INCAPITAL LLC	JOHNSON &		25,282,000.00		**25,282,000.00**
38505	COMM	30231GAP7	EXXON MOBIL	03/01/2019	INCAPITAL LLC	EXXON MOBIL		8,265,000.00		**8,265,000.00**
39270	COMM	SYS39270	BCREPO (USTN)	03/01/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39271	COMM	313384CM9	FHDN DISC NOTE	03/01/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39272	COMM	313384CM9	FHDN DISC NOTE	03/01/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
38024	COMM	3133EHWM1	FEDERAL FARM CR	03/01/2019	INCAPITAL LLC	FFCB NOTES			25,500.00	**25,500.00**
38025	COMM	3133EHWM1	FEDERAL FARM CR	03/01/2019	INCAPITAL LLC	FFCB NOTES			42,500.00	**42,500.00**
38026	COMM	3133EHWM1	FEDERAL FARM CR	03/01/2019	INCAPITAL LLC	FFCB NOTES			59,500.00	**59,500.00**
38368	COMM	3133EFF28	FEDERAL FARM CR	03/01/2019	INCAPITAL LLC	FFCB NOTES			43,271.25	**43,271.25**
38495	COMM	30231GAP7	EXXON MOBIL	03/01/2019	INCAPITAL LLC	EXXON MOBIL			57,593.76	**57,593.76**
38504	COMM	478160BR4	JOHNSON &	03/01/2019	INCAPITAL LLC	JOHNSON &			142,211.25	**142,211.25**
38505	COMM	30231GAP7	EXXON MOBIL	03/01/2019	INCAPITAL LLC	EXXON MOBIL			70,583.10	**70,583.10**
38852	COMM	30231GAV4	EXXON MOBIL	03/01/2019	INCAPITAL LLC	EXXON MOBIL			111,100.00	**111,100.00**
38852	COMM	30231GAV4	EXXON MOBIL	03/01/2019	INCAPITAL LLC	EXXON MOBIL		5,555.00	-5,555.00	**0.00**
39270	COMM	SYS39270	BCREPO (USTN)	03/01/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			14,166.67	**14,166.67**
		Totals for 03/01/2019					**499,942,499.00**	**540,296,555.00**	**560,871.03**	**40,914,927.03**
39276	COMM	SYS39276	BCREPO (USTN)	03/04/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39277	COMM	313384CR8	FHDN DISC NOTE	03/04/2019	MIZUHO	FHLB DISCOUNT	99,993,667.00			**-99,993,667.00**
39278	COMM	313384CR8	FHDN DISC NOTE	03/04/2019	UBS FINANCE	FHLB DISCOUNT	199,987,333.32			**-199,987,333.32**
39279	COMM	46640QXX4	JPMSCC ZERO CPN	03/04/2019	JPMorganChase	JP Morgan Securities	49,133,069.44			**-49,133,069.44**
39273	COMM	313384CQ0	FHDN DISC NOTE	03/04/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39274	COMM	313384CQ0	FHDN DISC NOTE	03/04/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39275	COMM	SYS39275	BCREPO (USTN)	03/04/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
37502	COMM	3133EHBA0	FEDERAL FARM CR	03/04/2019	INCAPITAL LLC	FFCB NOTES			152,000.00	**152,000.00**
37503	COMM	166764BP4	CHEVRON CORP	03/04/2019	CITIGROUP GLOBAL	CHEVRON CORP.			79,640.00	**79,640.00**
39031	COMM	06405LAA9	BANK NEW YORK	03/04/2019	CITIGROUP GLOBAL	BANK OF NEW			189,758.13	**189,758.13**
39032	COMM	06405LAA9	BANK NEW YORK	03/04/2019	Academy Securities	BANK OF NEW			37,951.63	**37,951.63**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39105	COMM	3133EJY60	FEDERAL FARM CR	03/04/2019	INCAPITAL LLC	FFCB NOTES			94,375.00	**94,375.00**
39105	COMM	3133EJY60	FEDERAL FARM CR	03/04/2019	INCAPITAL LLC	FFCB NOTES		22,020.83	-22,020.83	**0.00**
39275	COMM	SYS39275	BCREPO (USTN)	03/04/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			39,333.33	**39,333.33**
34292	COMM	SYS34292	MSTI 0.%	03/04/2019		MORGAN STANLEY			339.63	**339.63**
34292	COMM	SYS34292	MSTI 0.%	03/04/2019		MORGAN STANLEY	339.63			**-339.63**
37590	COMM	SYS37590	JPM TE 0.44%	03/04/2019	JPMorganChase	JP MORGAN US			391,684.69	**391,684.69**
37590	COMM	SYS37590	JPM TE 0.44%	03/04/2019	JPMorganChase	JP MORGAN US	391,684.69			**-391,684.69**
		Totals for 03/04/2019					**549,506,094.08**	**500,022,020.83**	**963,061.58**	**-48,521,011.67**
39280	COMM	SYS39280	BCREPO (USTN)	03/05/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39281	COMM	313384CS6	FHDN DISC NOTE	03/05/2019	MIZUHO	FHLB DISCOUNT	99,993,667.00			**-99,993,667.00**
39282	COMM	313384CS6	FHDN DISC NOTE	03/05/2019	UBS FINANCE	FHLB DISCOUNT	199,987,500.00			**-199,987,500.00**
39276	COMM	SYS39276	BCREPO (USTN)	03/05/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39277	COMM	313384CR8	FHDN DISC NOTE	03/05/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39278	COMM	313384CR8	FHDN DISC NOTE	03/05/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39276	COMM	SYS39276	BCREPO (USTN)	03/05/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,111.10	**13,111.10**
		Totals for 03/05/2019					**499,981,167.00**	**500,000,000.00**	**13,111.10**	**31,944.10**
39283	COMM	SYS39283	BCREPO (USTN)	03/06/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39284	COMM	313384CT4	FHDN DISC NOTE	03/06/2019	MIZUHO	FHLB DISCOUNT	99,993,667.00			**-99,993,667.00**
39285	COMM	313384CT4	FHDN DISC NOTE	03/06/2019	UBS FINANCE	FHLB DISCOUNT	199,987,333.32			**-199,987,333.32**
39280	COMM	SYS39280	BCREPO (USTN)	03/06/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39281	COMM	313384CS6	FHDN DISC NOTE	03/06/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39282	COMM	313384CS6	FHDN DISC NOTE	03/06/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
35847	COMM	3135G0UU5	FEDERAL NATL MTG	03/06/2019	BREAN CAPITAL LLC	FNMA NOTES			61,250.00	**61,250.00**
35856	COMM	3135G0UU5	FEDERAL NATL MTG	03/06/2019	BREAN CAPITAL LLC	FNMA NOTES			127,610.00	**127,610.00**
39280	COMM	SYS39280	BCREPO (USTN)	03/06/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,111.10	**13,111.10**
		Totals for 03/06/2019					**499,981,000.32**	**500,000,000.00**	**201,971.10**	**220,970.78**
39286	COMM	SYS39286	BCREPO (USTN)	03/07/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39287	COMM	313384CU1	FHDN DISC NOTE	03/07/2019	UBS FINANCE	FHLB DISCOUNT	149,990,583.33			**-149,990,583.33**
39288	COMM	313384CU1	FHDN DISC NOTE	03/07/2019	MIZUHO	FHLB DISCOUNT	49,996,861.11			**-49,996,861.11**
39283	COMM	SYS39283	BCREPO (USTN)	03/07/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39284	COMM	313384CT4	FHDN DISC NOTE	03/07/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39285	COMM	313384CT4	FHDN DISC NOTE	03/07/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39283	COMM	SYS39283	BCREPO (USTN)	03/07/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,055.56	**13,055.56**
		Totals for 03/07/2019					**399,987,444.44**	**500,000,000.00**	**13,055.56**	**100,025,611.12**
39291	COMM	SYS39291	BCREPO (USTN)	03/08/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39289	COMM	313384CX5	FHDN DISC NOTE	03/08/2019	MIZUHO	FHLB DISCOUNT	49,990,500.00			**-49,990,500.00**
39290	COMM	313384CX5	FHDN DISC NOTE	03/08/2019	UBS FINANCE	FHLB DISCOUNT	149,971,500.00			**-149,971,500.00**
39292	COMM	59157USM3	METSHR DISC NOTE	03/08/2019	CITIGROUP GLOBAL	METLIFE SHORT	39,794,444.44			**-39,794,444.44**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
35867	COMM	313378QK0	FEDERAL HOME	03/08/2019	UBS FINANCE	FHLB NOTES		10,000,000.00		**10,000,000.00**
36707	COMM	3133782M2	FEDERAL HOME	03/08/2019	MERRILL LYNCH	FHLB NOTES		20,015,000.00		**20,015,000.00**
39286	COMM	SYS39286	BCREPO (USTN)	03/08/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39287	COMM	313384CU1	FHDN DISC NOTE	03/08/2019	UBS FINANCE	FHLB DISCOUNT		150,000,000.00		**150,000,000.00**
39288	COMM	313384CU1	FHDN DISC NOTE	03/08/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
35867	COMM	313378QK0	FEDERAL HOME	03/08/2019	UBS FINANCE	FHLB NOTES			93,750.00	**93,750.00**
36707	COMM	3133782M2	FEDERAL HOME	03/08/2019	MERRILL LYNCH	FHLB NOTES			150,112.50	**150,112.50**
39138	COMM	3130ABFD3	FEDERAL HOME	03/08/2019	INCAPITAL LLC	FHLB NOTES			98,437.50	**98,437.50**
39138	COMM	3130ABFD3	FEDERAL HOME	03/08/2019	INCAPITAL LLC	FHLB NOTES		33,906.25	-33,906.25	**0.00**
39286	COMM	SYS39286	BCREPO (USTN)	03/08/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,111.13	**13,111.13**
		Totals for 03/08/2019					**439,756,444.44**	**430,048,906.25**	**321,504.88**	**-9,386,033.31**
39298	COMM	SYS39298	BCREPO (USTN)	03/11/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39296	COMM	3133EKCS3	FEDERAL FARM CR	03/11/2019	INCAPITAL LLC	FFCB NOTES	20,016,800.00			**-20,016,800.00**
39293	COMM	313384CY3	FHDN DISC NOTE	03/11/2019	UBS FINANCE	FHLB DISCOUNT	149,990,499.99			**-149,990,499.99**
39294	COMM	313384CY3	FHDN DISC NOTE	03/11/2019	MIZUHO	FHLB DISCOUNT	49,996,833.33			**-49,996,833.33**
39295	COMM	3137B04Y7	FHLMCM 2.615%	03/11/2019	JPMorganChase	FHLMC Multi-Family	26,794,537.50			**-26,794,537.50**
39297	COMM	89116FU57	TDNY DISC NOTE	03/11/2019	CITIGROUP GLOBAL	TORONTO	49,596,416.67			**-49,596,416.67**
39289	COMM	313384CX5	FHDN DISC NOTE	03/11/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39290	COMM	313384CX5	FHDN DISC NOTE	03/11/2019	UBS FINANCE	FHLB DISCOUNT		150,000,000.00		**150,000,000.00**
39291	COMM	SYS39291	BCREPO (USTN)	03/11/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
36993	COMM	313380WG8	FEDERAL HOME	03/11/2019	INCAPITAL LLC	FHLB NOTES			134,062.50	**134,062.50**
37022	COMM	313380WG8	FEDERAL HOME	03/11/2019		FHLB NOTES			82,500.00	**82,500.00**
37054	COMM	313380WG8	FEDERAL HOME	03/11/2019	KEYBANC CAPITAL	FHLB NOTES			68,750.00	**68,750.00**
37072	COMM	313380WG8	FEDERAL HOME	03/11/2019	KEYBANC CAPITAL	FHLB NOTES			95,287.50	**95,287.50**
37726	COMM	313378CR0	FHLB 2.25% MAT	03/11/2019	KEYBANC CAPITAL	FHLB NOTES			281,250.00	**281,250.00**
38269	COMM	3130A66T9	FEDERAL HOME	03/11/2019	KEYBANC CAPITAL	FHLB NOTES			203,125.00	**203,125.00**
38436	COMM	313370US5	FEDERAL HOME	03/11/2019	KEYBANC CAPITAL	FHLB NOTES			71,875.00	**71,875.00**
39291	COMM	SYS39291	BCREPO (USTN)	03/11/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			39,333.34	**39,333.34**
		Totals for 03/11/2019					**496,395,087.49**	**400,000,000.00**	**976,183.34**	**-95,418,904.15**
39302	COMM	SYS39302	BCREPO (USTN)	03/12/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39299	COMM	313384CZ0	FHDN DISC NOTE	03/12/2019	UBS FINANCE	FHLB DISCOUNT	49,996,833.33			**-49,996,833.33**
39301	COMM	3130AG2J3	FEDERAL HOME	03/12/2019	DEUTSCHE BANK	FHLB NOTES	50,000,000.00			**-50,000,000.00**
39300	COMM	78012UMJ1	RBCNY 2.64% MAT	03/12/2019	RBC CAPITAL	ROYAL BANK OF	45,000,000.00			**-45,000,000.00**
39293	COMM	313384CY3	FHDN DISC NOTE	03/12/2019	UBS FINANCE	FHLB DISCOUNT		150,000,000.00		**150,000,000.00**
39294	COMM	313384CY3	FHDN DISC NOTE	03/12/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
39298	COMM	SYS39298	BCREPO (USTN)	03/12/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
37711	COMM	313382K69	FEDERAL HOME	03/12/2019	KEYBANC CAPITAL	FHLB NOTES			226,275.00	**226,275.00**
39298	COMM	SYS39298	BCREPO (USTN)	03/12/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,111.11	**13,111.11**
		Totals for 03/12/2019					**344,996,833.33**	**400,000,000.00**	**239,386.11**	**55,242,552.78**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39303	COMM	SYS39303	BCREPO (USTN)	03/13/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39304	COMM	05586FXA0	BNP P 2.69% MAT	03/13/2019	JPMorganChase	BNP PARIBAS NY	50,000,000.00			-50,000,000.00
39299	COMM	313384CZ0	FHDN DISC NOTE	03/13/2019	UBS FINANCE	FHLB DISCOUNT		50,000,000.00		50,000,000.00
39302	COMM	SYS39302	BCREPO (USTN)	03/13/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
35826	COMM	313383VN8	FEDERAL HOME	03/13/2019	WELLS FARGO	FHLB NOTES			94,600.00	94,600.00
35827	COMM	313383VN8	FEDERAL HOME	03/13/2019	KEYBANC CAPITAL	FHLB NOTES			251,550.00	251,550.00
36756	COMM	313378J77	FEDERAL HOME	03/13/2019	INCAPITAL LLC	FHLB NOTES			140,625.00	140,625.00
36760	COMM	313378J77	FEDERAL HOME	03/13/2019	INCAPITAL LLC	FHLB NOTES			56,250.00	56,250.00
36886	COMM	313378J77	FEDERAL HOME	03/13/2019	KEYBANC CAPITAL	FHLB NOTES			140,625.00	140,625.00
37778	COMM	313378J77	FEDERAL HOME	03/13/2019	KEYBANC CAPITAL	FHLB NOTES			131,250.00	131,250.00
38596	COMM	3130A02T6	FEDERAL HOME	03/13/2019	KEYBANC CAPITAL	FHLB NOTES			296,875.00	296,875.00
38878	COMM	3133EJZH5	FEDERAL FARM CR	03/13/2019	INCAPITAL LLC	FFCB NOTES			196,000.00	196,000.00
38878	COMM	3133EJZH5	FEDERAL FARM CR	03/13/2019	INCAPITAL LLC	FFCB NOTES		23,955.56	-23,955.56	0.00
39302	COMM	SYS39302	BCREPO (USTN)	03/13/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,111.12	13,111.12
		Totals for 03/13/2019					**250,000,000.00**	**250,023,955.56**	**1,296,930.56**	**1,320,886.12**
39305	COMM	SYS39305	BCREPO 2.38% MAT	03/14/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39306	COMM	313384DB2	FHDN DISC NOTE	03/14/2019	UBS FINANCE	FHLB DISCOUNT	149,991,041.67			-149,991,041.67
39307	COMM	313384DB2	FHDN DISC NOTE	03/14/2019	MIZUHO	FHLB DISCOUNT	49,996,861.11			-49,996,861.11
39303	COMM	SYS39303	BCREPO (USTN)	03/14/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
34292	COMM	SYS34292	MSTI 0.%	03/14/2019		MORGAN STANLEY		194,723.68		194,723.68
37590	COMM	SYS37590	JPM TE 0.44%	03/14/2019	JPMorganChase	JP MORGAN US		226,572,923.13		226,572,923.13
39303	COMM	SYS39303	BCREPO (USTN)	03/14/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,222.21	13,222.21
		Totals for 03/14/2019					**399,987,902.78**	**426,767,646.81**	**13,222.21**	**26,792,966.24**
39308	COMM	SYS39308	BCREPO 2.42% MAT	03/15/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39309	COMM	313384DE6	FHDN DISC NOTE	03/15/2019	UBS FINANCE	FHLB DISCOUNT	199,961,666.68			-199,961,666.68
39310	COMM	313384DE6	FHDN DISC NOTE	03/15/2019	MIZUHO	FHLB DISCOUNT	49,990,416.67			-49,990,416.67
39314	COMM	91412GWY7	UNIVERSITY CALIF	03/15/2019	UBS FINANCE	UNIVERSITY	4,069,000.00			-4,069,000.00
36620	COMM	084664CG4	BERKSHIRE	03/15/2019	JPMorganChase	BERKSHIRE		5,000,000.00		5,000,000.00
36753	COMM	89231UAD9	TOYO 1.3% MAT	03/15/2019	CITIGROUP GLOBAL	TOYOTA AUTO REC		164,904.16		164,904.16
36753	COMM	89231UAD9	TOYO 1.3% MAT	03/15/2019	CITIGROUP GLOBAL	TOYOTA AUTO REC		8.43		8.43
36896	COMM	3130A7L37	FEDERAL HOME	03/15/2019	WELLS FARGO	FHLB NOTES		5,000,000.00		5,000,000.00
38515	COMM	30231GAD4	EXXON MOBIL	03/15/2019	INCAPITAL LLC	EXXON MOBIL		13,000,000.00		13,000,000.00
39305	COMM	SYS39305	BCREPO 2.38% MAT	03/15/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39306	COMM	313384DB2	FHDN DISC NOTE	03/15/2019	UBS FINANCE	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39307	COMM	313384DB2	FHDN DISC NOTE	03/15/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		50,000,000.00
36620	COMM	084664CG4	BERKSHIRE	03/15/2019	JPMorganChase	BERKSHIRE			42,500.00	42,500.00
36753	COMM	89231UAD9	TOYO 1.3% MAT	03/15/2019	CITIGROUP GLOBAL	TOYOTA AUTO REC			738.35	738.35
36896	COMM	3130A7L37	FEDERAL HOME	03/15/2019	WELLS FARGO	FHLB NOTES			31,250.00	31,250.00
38503	COMM	880591EV0	TENNESSEE	03/15/2019	BARCLAYS CAPITAL	TENNESSEE			225,000.00	225,000.00

SANTA CLARA COUNTY INVESTMENTS
Transaction Activity Report
Sorted by Transaction Date - Transaction Date

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
38515	COMM	30231GAD4	EXXON MOBIL	03/15/2019	INCAPITAL LLC	EXXON MOBIL			118,235.00	**118,235.00**
38815	COMM	880591EV0	TENNESSEE	03/15/2019	KEYBANC CAPITAL	TENNESSEE			112,500.00	**112,500.00**
38830	COMM	084670BQ0	BERKSHIRE	03/15/2019	INCAPITAL LLC	BERKSHIRE			110,000.00	**110,000.00**
39305	COMM	SYS39305	BCREPO 2.38% MAT	03/15/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,222.22	**13,222.22**
36557	COMM	65478UAD1	NALT 1.34% MAT	03/15/2019	MERRILL LYNCH	NISSAN AUTO			1,744.09	**1,744.09**
36557	COMM	65478UAD1	NALT 1.34% MAT	03/15/2019	MERRILL LYNCH	NISSAN AUTO		235,533.88		**235,533.88**
36600	COMM	47788MAC4	JDOT 1.36% MAT	03/15/2019	MERRILL LYNCH	JOHN DEERE			865.99	**865.99**
36600	COMM	47788MAC4	JDOT 1.36% MAT	03/15/2019	MERRILL LYNCH	JOHN DEERE		326,145.67		**326,145.67**
36601	COMM	89237KAD5	TAOT 1.25% MAT	03/15/2019	MERRILL LYNCH	TOYOTA AUTO REC			1,602.66	**1,602.66**
36601	COMM	89237KAD5	TAOT 1.25% MAT	03/15/2019	MERRILL LYNCH	TOYOTA AUTO REC		561,673.14		**561,673.14**
36800	COMM	43814QAC2	HAROT 1.39% MAT	03/15/2019	MERRILL LYNCH	HONDA AUTO			2,261.42	**2,261.42**
36800	COMM	43814QAC2	HAROT 1.39% MAT	03/15/2019	MERRILL LYNCH	HONDA AUTO		486,975.46		**486,975.46**
36905	COMM	47788NAC2	JDOT 1.25% MAT	03/15/2019	ROYAL BANK OF	JOHN DEERE			2,161.74	**2,161.74**
36905	COMM	47788NAC2	JDOT 1.25% MAT	03/15/2019	ROYAL BANK OF	JOHN DEERE		385,466.66		**385,466.66**
36929	COMM	161571HF4	CHAIT 1.27% MAT	03/15/2019	JPMorganChase	CHASE ISSUANCE			24,341.66	**24,341.66**
36929	COMM	161571HF4	CHAIT 1.27% MAT	03/15/2019	JPMorganChase	CHASE ISSUANCE		895,438.34		**895,438.34**
36956	COMM	58769BAD6	MBART 1.26% MAT	03/15/2019	CITIGROUP GLOBAL	MERCEDES -BENZ			4,733.16	**4,733.16**
36956	COMM	58769BAD6	MBART 1.26% MAT	03/15/2019	CITIGROUP GLOBAL	MERCEDES -BENZ		480,166.50		**480,166.50**
37035	COMM	89231LAD9	TAOT 1.23% MAT	03/15/2019	JPMorganChase	TOYOTA AUTO REC			6,785.11	**6,785.11**
37035	COMM	89231LAD9	TAOT 1.23% MAT	03/15/2019	JPMorganChase	TOYOTA AUTO REC		800,694.37		**800,694.37**
37507	COMM	47787XAC1	JDOT 1.78% MAT	03/15/2019	BANK OF AMERICA	JOHN DEERE			9,071.47	**9,071.47**
37507	COMM	47787XAC1	JDOT 1.78% MAT	03/15/2019	BANK OF AMERICA	JOHN DEERE		445,843.08		**445,843.08**
37568	COMM	89238MAD0	TAOT 1.73% MAT	03/15/2019	BANK OF AMERICA	TOYOTA AUTO REC			10,945.42	**10,945.42**
37568	COMM	89238MAD0	TAOT 1.73% MAT	03/15/2019	BANK OF AMERICA	TOYOTA AUTO REC		643,804.45		**643,804.45**
37862	COMM	02582JHG8	AMXCA 1.64% MAT	03/15/2019	ROYAL BANK OF	American Express			46,466.68	**46,466.68**
37862	COMM	02582JHG8	AMXCA 1.64% MAT	03/15/2019	ROYAL BANK OF	American Express		1,101,047.99		**1,101,047.99**
37976	COMM	43811BAC8	HAROT 1.68% MAT	03/15/2019	CITIGROUP GLOBAL	HONDA AUTO			37,163.70	**37,163.70**
37976	COMM	43811BAC8	HAROT 1.68% MAT	03/15/2019	CITIGROUP GLOBAL	HONDA AUTO		1,679,020.84		**1,679,020.84**
38137	COMM	89238KAD4	TAOT 1.93% MAT	03/15/2019	JPMorganChase	TOYOTA AUTO REC			38,599.99	**38,599.99**
38137	COMM	89238KAD4	TAOT 1.93% MAT	03/15/2019	JPMorganChase	TOYOTA AUTO REC		711,227.34		**711,227.34**
38475	COMM	65478DAD9	NALT 2.65% MAT	03/15/2019	MERRILL LYNCH	NISSAN AUTO			40,854.16	**40,854.16**
38475	COMM	65478DAD9	NALT 2.65% MAT	03/15/2019	MERRILL LYNCH	NISSAN AUTO		482,426.49		**482,426.49**
38476	COMM	47788CAC6	JDOT 2.66% MAT	03/15/2019	ROYAL BANK OF	JOHN DEERE			18,287.50	**18,287.50**
38476	COMM	47788CAC6	JDOT 2.66% MAT	03/15/2019	ROYAL BANK OF	JOHN DEERE		219,019.20		**219,019.20**
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	03/15/2019	BARCLAYS CAPITAL	American Express			100,125.00	**100,125.00**
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	03/15/2019	BARCLAYS CAPITAL	American Express		1,040,843.49		**1,040,843.49**
38708	COMM	161571HN7	CHAIT 2.1227% MAT	03/15/2019	BARCLAYS CAPITAL	CHASE ISSUANCE			77,376.25	**77,376.25**
38708	COMM	161571HN7	CHAIT 2.1227% MAT	03/15/2019	BARCLAYS CAPITAL	CHASE ISSUANCE		754,970.30		**754,970.30**
38785	COMM	58769DAE0	MBALT 2.01% MAT	03/15/2019	BOK FINANCIAL	MERCEDES-BENZ			6,700.00	**6,700.00**
38785	COMM	58769DAE0	MBALT 2.01% MAT	03/15/2019	BOK FINANCIAL	MERCEDES-BENZ		93,943.67		**93,943.67**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
38958	COMM	89231PAD0	TAOT 3.18% MAT	03/15/2019	JPMorganChase	TOYOTA AUTO REC			26,500.00	**26,500.00**
38958	COMM	89231PAD0	TAOT 3.18% MAT	03/15/2019	JPMorganChase	TOYOTA AUTO REC		197,908.57		**197,908.57**
39013	COMM	43815AAC6	HAROT 3.16% MAT	03/15/2019	JPMorganChase	HONDA AUTO			57,274.99	**57,274.99**
39013	COMM	43815AAC6	HAROT 3.16% MAT	03/15/2019	JPMorganChase	HONDA AUTO		439,889.03		**439,889.03**
39062	COMM	05522RCZ9	BACCT 3.% MAT	03/15/2019	ROYAL BANK OF	BANK OF AMERICA			50,350.00	**50,350.00**
39062	COMM	05522RCZ9	BACCT 3.% MAT	03/15/2019	ROYAL BANK OF	BANK OF AMERICA		372,115.96		**372,115.96**
39082	COMM	05522RDA3	BACCT 3.1% MAT	03/15/2019	ROYAL BANK OF	BANK OF AMERICA			38,750.00	**38,750.00**
39082	COMM	05522RDA3	BACCT 3.1% MAT	03/15/2019	ROYAL BANK OF	BANK OF AMERICA		254,914.34		**254,914.34**
39190	COMM	58772TAC4	MBALT 3.1% MAT	03/15/2019	MERRILL LYNCH	MERCEDES-BENZ			25,833.33	**25,833.33**
39190	COMM	58772TAC4	MBALT 3.1% MAT	03/15/2019	MERRILL LYNCH	MERCEDES-BENZ		293,921.92		**293,921.92**
39220	COMM	05522RCY2	BACCT 2.7% MAT	03/15/2019	MERRILL LYNCH	BANK OF AMERICA			56,250.00	**56,250.00**
39220	COMM	05522RCY2	BACCT 2.7% MAT	03/15/2019	MERRILL LYNCH	BANK OF AMERICA		484,371.36		**484,371.36**
		Totals for 03/15/2019					**454,021,083.35**	**436,552,274.64**	**1,338,489.89**	**-16,130,318.82**
39311	COMM	SYS39311	BCREPO 2.37% MAT	03/18/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39312	COMM	313384DF3	FHDN DISC NOTE	03/18/2019	UBS FINANCE	FHLB DISCOUNT	199,987,222.24			**-199,987,222.24**
39313	COMM	313384DF3	FHDN DISC NOTE	03/18/2019	MIZUHO	FHLB DISCOUNT	99,993,611.00			**-99,993,611.00**
37548	COMM	3130AAXX1	FHLB 1.4918% MAT	03/18/2019	BANK OF AMERICA	FHLB NOTES		20,000,000.00		**20,000,000.00**
37549	COMM	3130AAXX1	FHLB 1.4918% MAT	03/18/2019	DEUTSCHE BANK	FHLB NOTES		20,000,000.00		**20,000,000.00**
37614	COMM	3130AAXX1	FHLB 1.4918% MAT	03/18/2019	JEFFERIES & CO,	FHLB NOTES		25,000,000.00		**25,000,000.00**
39308	COMM	SYS39308	BCREPO 2.42% MAT	03/18/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39309	COMM	313384DE6	FHDN DISC NOTE	03/18/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39310	COMM	313384DE6	FHDN DISC NOTE	03/18/2019	MIZUHO	FHLB DISCOUNT		50,000,000.00		**50,000,000.00**
37509	COMM	3136G4MD2	FEDERAL NATL MTG	03/18/2019	INCAPITAL LLC	FNMA NOTES			27,750.00	**27,750.00**
37548	COMM	3130AAXX1	FHLB 1.4918% MAT	03/18/2019	BANK OF AMERICA	FHLB NOTES			137,500.00	**137,500.00**
37549	COMM	3130AAXX1	FHLB 1.4918% MAT	03/18/2019	DEUTSCHE BANK	FHLB NOTES			137,500.00	**137,500.00**
37614	COMM	3130AAXX1	FHLB 1.4918% MAT	03/18/2019	JEFFERIES & CO,	FHLB NOTES			171,875.00	**171,875.00**
39308	COMM	SYS39308	BCREPO 2.42% MAT	03/18/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			40,333.32	**40,333.32**
36587	COMM	43814NAC9	HAROT 1.22% MAT	03/18/2019	JPMorganChase	HONDA AUTO			570.88	**570.88**
36587	COMM	43814NAC9	HAROT 1.22% MAT	03/18/2019	JPMorganChase	HONDA AUTO		541,342.94		**541,342.94**
37059	COMM	43814RAC0	HAROT 1.21% MAT	03/18/2019	BARCLAYS CAPITAL	HONDA AUTO			6,284.50	**6,284.50**
37059	COMM	43814RAC0	HAROT 1.21% MAT	03/18/2019	BARCLAYS CAPITAL	HONDA AUTO		621,164.69		**621,164.69**
38738	COMM	43814UAG4	HAROT 3.01% MAT	03/18/2019	BARCLAYS CAPITAL	HONDA AUTO			30,100.00	**30,100.00**
38738	COMM	43814UAG4	HAROT 3.01% MAT	03/18/2019	BARCLAYS CAPITAL	HONDA AUTO		312,958.64		**312,958.64**
39269	COMM	43814WAC9	HAROT 2.83% MAT	03/18/2019	MERRILL LYNCH	HONDA AUTO			22,698.95	**22,698.95**
39269	COMM	43814WAC9	HAROT 2.83% MAT	03/18/2019	MERRILL LYNCH	HONDA AUTO		261,672.28		**261,672.28**
		Totals for 03/18/2019					**499,980,833.24**	**516,737,138.55**	**574,612.65**	**17,330,917.96**
39320	COMM	05522RCY2	BACCT 2.7% MAT	03/19/2019	MERRILL LYNCH	BANK OF AMERICA	19,999,500.00			**-19,999,500.00**
39317	COMM	SYS39317	BCREPO 2.39% MAT	03/19/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39315	COMM	313384DG1	FHDN DISC NOTE	03/19/2019	UBS FINANCE	FHLB DISCOUNT	199,987,111.12			**-199,987,111.12**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39316	COMM	313384DG1	FHDN DISC NOTE	03/19/2019	MIZUHO	FHLB DISCOUNT	99,993,556.00			**-99,993,556.00**
39319	COMM	3138LGKH8	FNMAM 2.47% MAT	03/19/2019	BOK FINANCIAL	FNMA Multi-Family	24,671,125.00			**-24,671,125.00**
39321	COMM	91412HEX7	UNIVCA 2.657% MAT	03/19/2019	UBS FINANCE	UNIVERSITY	1,000,000.00			**-1,000,000.00**
39322	COMM	91412HEW9	UNIVERSITY CALIF	03/19/2019	UBS FINANCE	UNIVERSITY	665,000.00			**-665,000.00**
39311	COMM	SYS39311	BCREPO 2.37% MAT	03/19/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39312	COMM	313384DF3	FHDN DISC NOTE	03/19/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39313	COMM	313384DF3	FHDN DISC NOTE	03/19/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39311	COMM	SYS39311	BCREPO 2.37% MAT	03/19/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,166.66	**13,166.66**
		Totals for 03/19/2019					**546,316,292.12**	**500,000,000.00**	**13,166.66**	**-46,303,125.46**
39323	COMM	SYS39323	BCREPO 2.44% MAT	03/20/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39327	COMM	05586VAD4	BMWLT 3.38% MAT	03/20/2019	CITIGROUP GLOBAL	BMW VEHICLE	7,498,898.25			**-7,498,898.25**
39324	COMM	313384DH9	FHDN DISC NOTE	03/20/2019	MIZUHO	FHLB DISCOUNT	99,993,472.00			**-99,993,472.00**
39325	COMM	313384DH9	FHDN DISC NOTE	03/20/2019	UBS FINANCE	FHLB DISCOUNT	199,986,944.44			**-199,986,944.44**
39326	COMM	63873KQM2	NATXNY DISC NOTE	03/20/2019	MERRILL LYNCH	Natixis NY Branch	99,993,444.44			**-99,993,444.44**
37566	COMM	3133EHCX9	FEDERAL FARM CR	03/20/2019	INCAPITAL LLC	FFCB NOTES		13,475,000.00		**13,475,000.00**
37574	COMM	3133EHCX9	FEDERAL FARM CR	03/20/2019	KEYBANC CAPITAL	FFCB NOTES		25,000,000.00		**25,000,000.00**
39315	COMM	313384DG1	FHDN DISC NOTE	03/20/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39316	COMM	313384DG1	FHDN DISC NOTE	03/20/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39317	COMM	SYS39317	BCREPO 2.39% MAT	03/20/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
37566	COMM	3133EHCX9	FEDERAL FARM CR	03/20/2019	INCAPITAL LLC	FFCB NOTES			97,693.75	**97,693.75**
37574	COMM	3133EHCX9	FEDERAL FARM CR	03/20/2019	KEYBANC CAPITAL	FFCB NOTES			181,250.00	**181,250.00**
38046	COMM	3133EHZA4	FEDERAL FARM CR	03/20/2019	INCAPITAL LLC	FFCB NOTES			83,000.00	**83,000.00**
39317	COMM	SYS39317	BCREPO 2.39% MAT	03/20/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,277.78	**13,277.78**
37036	COMM	05582XAD4	BMWLT 1.43% MAT	03/20/2019	MIZUHO	BMW VEHICLE			111.24	**111.24**
37036	COMM	05582XAD4	BMWLT 1.43% MAT	03/20/2019	MIZUHO	BMW VEHICLE		93,351.78		**93,351.78**
		Totals for 03/20/2019					**607,472,759.13**	**538,568,351.78**	**375,332.77**	**-68,529,074.58**
39328	COMM	SYS39328	BCREPO 2.42% MAT	03/21/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39329	COMM	313384DJ5	FHDN DISC NOTE	03/21/2019	UBS FINANCE	FHLB DISCOUNT	199,986,944.44			**-199,986,944.44**
39330	COMM	313384DJ5	FHDN DISC NOTE	03/21/2019	BARCLAYS CAPITAL	FHLB DISCOUNT	99,993,472.00			**-99,993,472.00**
39331	COMM	63873KQN0	NATXNY DISC NOTE	03/21/2019	MERRILL LYNCH	Natixis NY Branch	99,993,444.44			**-99,993,444.44**
39332	COMM	89233P5F9	TOYO 3.4% MAT	03/21/2019	INCAPITAL LLC	TOYOTA MOTOR	11,403,247.23			**-11,403,247.23**
37036	COMM	05582XAD4	BMWLT 1.43% MAT	03/21/2019	MIZUHO	BMW VEHICLE		0.01		**0.01**
39323	COMM	SYS39323	BCREPO 2.44% MAT	03/21/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39324	COMM	313384DH9	FHDN DISC NOTE	03/21/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39325	COMM	313384DH9	FHDN DISC NOTE	03/21/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39326	COMM	63873KQM2	NATXNY DISC NOTE	03/21/2019	MERRILL LYNCH	Natixis NY Branch		100,000,000.00		**100,000,000.00**
38570	COMM	3130ADUY6	FEDERAL HOME	03/21/2019	KEYBANC CAPITAL	FHLB NOTES			386,793.75	**386,793.75**
39323	COMM	SYS39323	BCREPO 2.44% MAT	03/21/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,555.54	**13,555.54**
37036	COMM	05582XAD4	BMWLT 1.43% MAT	03/21/2019	MIZUHO	BMW VEHICLE				**0.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
37036	COMM	05582XAD4	BMWLT 1.43% MAT	03/21/2019	MIZUHO	BMW VEHICLE				**0.00**
37615	COMM	43814TAC6	HAROT 1.72% MAT	03/21/2019	BANK OF AMERICA	HONDA AUTO			16,869.12	**16,869.12**
37615	COMM	43814TAC6	HAROT 1.72% MAT	03/21/2019	BANK OF AMERICA	HONDA AUTO		851,520.35		**851,520.35**
		Totals for 03/21/2019					**611,377,108.11**	**600,851,520.36**	**417,218.41**	**-10,108,369.34**
39333	COMM	SYS39333	BCREPO 2.38% MAT	03/22/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39336	COMM	25215FES9	DX 2.55% MAT	03/22/2019	DEXIA	DEXIA	45,000,000.00			**-45,000,000.00**
39334	COMM	313384DM8	FHDN DISC NOTE	03/22/2019	UBS FINANCE	FHLB DISCOUNT	199,960,833.32			**-199,960,833.32**
39335	COMM	313384DM8	FHDN DISC NOTE	03/22/2019	MIZUHO	FHLB DISCOUNT	99,980,417.00			**-99,980,417.00**
39328	COMM	SYS39328	BCREPO 2.42% MAT	03/22/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39329	COMM	313384DJ5	FHDN DISC NOTE	03/22/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39330	COMM	313384DJ5	FHDN DISC NOTE	03/22/2019	BARCLAYS CAPITAL	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39331	COMM	63873KQN0	NATXNY DISC NOTE	03/22/2019	MERRILL LYNCH	Natixis NY Branch		100,000,000.00		**100,000,000.00**
39328	COMM	SYS39328	BCREPO 2.42% MAT	03/22/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,444.46	**13,444.46**
		Totals for 03/22/2019					**544,941,250.32**	**600,000,000.00**	**13,444.46**	**55,072,194.14**
39337	COMM	SYS39337	BCREPO 2.36% MAT	03/25/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39341	COMM	31422BDZ0	FAMCA 2.61% MAT	03/25/2019	MIZUHO	FARMER MAC	25,000,000.00			**-25,000,000.00**
39340	COMM	3133EKDR4	FEDERAL FARM CR	03/25/2019	BREAN CAPITAL LLC	FFCB NOTES	12,055,482.75			**-12,055,482.75**
39338	COMM	313384DN6	FHDN DISC NOTE	03/25/2019	UBS FINANCE	FHLB DISCOUNT	199,986,944.44			**-199,986,944.44**
39339	COMM	313384DN6	FHDN DISC NOTE	03/25/2019	MIZUHO	FHLB DISCOUNT	99,993,472.00			**-99,993,472.00**
39333	COMM	SYS39333	BCREPO 2.38% MAT	03/25/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39334	COMM	313384DM8	FHDN DISC NOTE	03/25/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39335	COMM	313384DM8	FHDN DISC NOTE	03/25/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
36966	COMM	48125LRG9	JPMCC 1.65% MAT	03/25/2019	JPMorganChase	JPMORGAN			103,125.00	**103,125.00**
37344	COMM	3134G3K90	FEDERAL HOME LN	03/25/2019	INCAPITAL LLC	FHLMC NOTES			85,000.00	**85,000.00**
38855	COMM	3130AEXG0	FEDERAL HOME	03/25/2019	INCAPITAL LLC	FHLB NOTES			225,000.00	**225,000.00**
39333	COMM	SYS39333	BCREPO 2.38% MAT	03/25/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			39,666.65	**39,666.65**
36893	COMM	05582QAD9	BMWOT 1.16% MAT	03/25/2019	JPMorganChase	BMW VEHICLE			3,303.90	**3,303.90**
36893	COMM	05582QAD9	BMWOT 1.16% MAT	03/25/2019	JPMorganChase	BMW VEHICLE		486,424.66		**486,424.66**
38387	COMM	3137AYCE9	FHLMCM 2.682%	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			44,700.00	**44,700.00**
38387	COMM	3137AYCE9	FHLMCM 2.682%	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		527,760.68		**527,760.68**
38391	COMM	3137AYCE9	FHLMCM 2.682%	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			16,762.50	**16,762.50**
38391	COMM	3137AYCE9	FHLMCM 2.682%	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family				**0.00**
38412	COMM	09659QAD9	BMWOT 2.35% MAT	03/25/2019	JPMorganChase	BMW VEHICLE			62,666.66	**62,666.66**
38412	COMM	09659QAD9	BMWOT 2.35% MAT	03/25/2019	JPMorganChase	BMW VEHICLE		885,698.57		**885,698.57**
38465	COMM	3137AWQH1	FHLMCM 2.307%	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			10,727.55	**10,727.55**
38465	COMM	3137AWQH1	FHLMCM 2.307%	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		149,391.51		**149,391.51**
38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family			7,005.10	**7,005.10**
38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family		6,761.55		**6,761.55**
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	03/25/2019	BARCLAYS CAPITAL	FHLMC Multi-Family			55,333.34	**55,333.34**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	03/25/2019	BARCLAYS CAPITAL	FHLMC Multi-Family		490,914.35		**490,914.35**
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	03/25/2019	VINING SPARKS IBG	FNMA Multi-Family			10,660.85	**10,660.85**
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	03/25/2019	VINING SPARKS IBG	FNMA Multi-Family		70,215.48		**70,215.48**
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	03/25/2019	JPMorganChase	FNMA Multi-Family			10,660.85	**10,660.85**
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	03/25/2019	JPMorganChase	FNMA Multi-Family		70,215.48		**70,215.48**
38666	COMM	3137AYCE9	FHLMCM 2.682%	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			26,250.07	**26,250.07**
38666	COMM	3137AYCE9	FHLMCM 2.682%	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family				**0.00**
38744	COMM	3137AYCE9	FHLMCM 2.682%	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			44,700.00	**44,700.00**
38744	COMM	3137AYCE9	FHLMCM 2.682%	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family				**0.00**
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family			12,176.25	**12,176.25**
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	03/25/2019	BREAN CAPITAL LLC	FHLMC Multi-Family		106,573.04		**106,573.04**
38864	COMM	3137B5JM6	FHLMCM 3.531%	03/25/2019	INCAPITAL LLC	FHLMC Multi-Family			29,425.00	**29,425.00**
38864	COMM	3137B5JM6	FHLMCM 3.531%	03/25/2019	INCAPITAL LLC	FHLMC Multi-Family		224,697.40		**224,697.40**
38884	COMM	31381N7G2	FNMAM 3.27% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family			8,790.49	**8,790.49**
38884	COMM	31381N7G2	FNMAM 3.27% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family		7,465.49		**7,465.49**
38945	COMM	3137B3NA2	FHLMC REMIC	03/25/2019	INCAPITAL LLC	FHLMC Multi-Family			28,723.99	**28,723.99**
38945	COMM	3137B3NA2	FHLMC REMIC	03/25/2019	INCAPITAL LLC	FHLMC Multi-Family		247,752.94		**247,752.94**
39026	COMM	3137B5KW2	FHLMC SERIES	03/25/2019	INCAPITAL LLC	FHLMC Multi-Family			28,816.67	**28,816.67**
39026	COMM	3137B5KW2	FHLMC SERIES	03/25/2019	INCAPITAL LLC	FHLMC Multi-Family		211,297.99		**211,297.99**
39093	COMM	3137FBUV6	FHLMCM 2.52688%	03/25/2019	BOK FINANCIAL	FHLMC Multi-Family			42,525.00	**42,525.00**
39093	COMM	3137FBUV6	FHLMCM 2.52688%	03/25/2019	BOK FINANCIAL	FHLMC Multi-Family		1,207,023.13		**1,207,023.13**
39150	COMM	31381TYT1	FNMAM 2.75% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family			64,302.93	**64,302.93**
39150	COMM	31381TYT1	FNMAM 2.75% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family		70,470.39		**70,470.39**
39158	COMM	31381RZ23	FNMAM 3.84% MAT	03/25/2019	KEYBANC CAPITAL	FNMA Multi-Family			43,495.54	**43,495.54**
39158	COMM	31381RZ23	FNMAM 3.84% MAT	03/25/2019	KEYBANC CAPITAL	FNMA Multi-Family		31,682.97		**31,682.97**
39218	COMM	31381RLL6	FNMAM 3.84% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family			35,561.14	**35,561.14**
39218	COMM	31381RLL6	FNMAM 3.84% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family		23,955.88		**23,955.88**
39218	COMM	31381RLL6	FNMAM 3.84% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family			-7,620.24	**-7,620.24**
39218	COMM	31381RLL6	FNMAM 3.84% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family				**0.00**
39219	COMM	31381RLL6	FNMAM 3.84% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family			5,935.97	**5,935.97**
39219	COMM	31381RLL6	FNMAM 3.84% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family		3,998.79		**3,998.79**
39219	COMM	31381RLL6	FNMAM 3.84% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family			-1,271.99	**-1,271.99**
39219	COMM	31381RLL6	FNMAM 3.84% MAT	03/25/2019	BOK FINANCIAL	FNMA Multi-Family				**0.00**
39295	COMM	3137B04Y7	FHLMCM 2.615%	03/25/2019	JPMorganChase	FHLMC Multi-Family			-19,612.50	**-19,612.50**
39295	COMM	3137B04Y7	FHLMCM 2.615%	03/25/2019	JPMorganChase	FHLMC Multi-Family				**0.00**
		Totals for 03/25/2019					**537,035,899.19**	**504,822,300.30**	**1,016,810.72**	**-31,196,788.17**
39344	COMM	SYS39344	BCREPO 2.37% MAT	03/26/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39343	COMM	313384DP1	FHDN DISC NOTE	03/26/2019	UBS FINANCE	FHLB DISCOUNT	199,986,944.44			**-199,986,944.44**
39345	COMM	313384DP1	FHDN DISC NOTE	03/26/2019	MIZUHO	FHLB DISCOUNT	99,993,472.00			**-99,993,472.00**
39342	COMM	3137BQR90	FHLMCM 2.272%	03/26/2019	BOK FINANCIAL	FHLMC Multi-Family	23,108,215.00			**-23,108,215.00**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39337	COMM	SYS39337	BCREPO 2.36% MAT	03/26/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39338	COMM	313384DN6	FHDN DISC NOTE	03/26/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39339	COMM	313384DN6	FHDN DISC NOTE	03/26/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
39151	COMM	3130ACF66	FEDERAL HOME	03/26/2019	BREAN CAPITAL LLC	FHLB NOTES			268,750.00	**268,750.00**
39151	COMM	3130ACF66	FEDERAL HOME	03/26/2019	BREAN CAPITAL LLC	FHLB NOTES		162,743.06	-162,743.06	**0.00**
39337	COMM	SYS39337	BCREPO 2.36% MAT	03/26/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,111.11	**13,111.11**
		Totals for 03/26/2019					**523,088,631.44**	**500,162,743.06**	**119,118.05**	**-22,806,770.33**
39346	COMM	SYS39346	BCREPO 2.37% MAT	03/27/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39351	COMM	06417G5U8	BNSHOU 2.58% MAT	03/27/2019	JPMorganChase	BANK OF NOVA	45,000,000.00			**-45,000,000.00**
39347	COMM	313384DQ9	FHDN DISC NOTE	03/27/2019	UBS FINANCE	FHLB DISCOUNT	199,987,000.00			**-199,987,000.00**
39348	COMM	313384DQ9	FHDN DISC NOTE	03/27/2019	MIZUHO	FHLB DISCOUNT	99,993,500.00			**-99,993,500.00**
39349	COMM	313384JX8	FHDN DISC NOTE	03/27/2019	MIZUHO	FHLB DISCOUNT	49,571,555.56			**-49,571,555.56**
39350	COMM	313384KM0	FHDN DISC NOTE	03/27/2019	MIZUHO	FHLB DISCOUNT	24,762,347.22			**-24,762,347.22**
39353	COMM	3134GS6T7	FEDERAL HOME LN	03/27/2019	INCAPITAL LLC	FHLMC NOTES	15,000,000.00			**-15,000,000.00**
39354	COMM	3134GS6F7	FEDERAL HOME LN	03/27/2019	INCAPITAL LLC	FHLMC NOTES	30,000,000.00			**-30,000,000.00**
39352	COMM	31315KDX5	FRMDN DISC NOTE	03/27/2019	MIZUHO	FARMER MAC	24,986,694.44			**-24,986,694.44**
39355	COMM	594918BW3	MICROSOFT CORP,	03/27/2019	INCAPITAL LLC	MICROSOFT CORP	20,101,200.00			**-20,101,200.00**
39343	COMM	313384DP1	FHDN DISC NOTE	03/27/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39344	COMM	SYS39344	BCREPO 2.37% MAT	03/27/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39345	COMM	313384DP1	FHDN DISC NOTE	03/27/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
37103	COMM	3135G0Q30	FEDERAL NATL MTG	03/27/2019	INCAPITAL LLC	FNMA NOTES			177,000.00	**177,000.00**
37305	COMM	3133EG2D6	FEDERAL FARM CR	03/27/2019	KEYBANC CAPITAL	FFCB NOTES			193,750.00	**193,750.00**
38545	COMM	3133EJHL6	FEDERAL FARM CR	03/27/2019	INCAPITAL LLC	FFCB NOTES			118,750.00	**118,750.00**
39344	COMM	SYS39344	BCREPO 2.37% MAT	03/27/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,166.68	**13,166.68**
		Totals for 03/27/2019					**709,402,297.22**	**500,000,000.00**	**502,666.68**	**-208,899,630.54**
39356	COMM	SYS39356	BCREPO 2.42% MAT	03/28/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL	200,000,000.00			**-200,000,000.00**
39357	COMM	3133EKEW2	FEDERAL FARM CR	03/28/2019	INCAPITAL LLC	FFCB NOTES	19,986,200.00			**-19,986,200.00**
39359	COMM	313384DR7	FHDN DISC NOTE	03/28/2019	UBS FINANCE	FHLB DISCOUNT	199,987,055.56			**-199,987,055.56**
39358	COMM	3130AG2H7	FEDERAL HOME	03/28/2019	KEYBANC CAPITAL	FHLB NOTES	20,025,722.22			**-20,025,722.22**
39346	COMM	SYS39346	BCREPO 2.37% MAT	03/28/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39347	COMM	313384DQ9	FHDN DISC NOTE	03/28/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
39348	COMM	313384DQ9	FHDN DISC NOTE	03/28/2019	MIZUHO	FHLB DISCOUNT		100,000,000.00		**100,000,000.00**
38033	COMM	3130ACE26	FEDERAL HOME	03/28/2019	BARCLAYS CAPITAL	FHLB NOTES			151,250.00	**151,250.00**
38055	COMM	3134GBF64	FEDERAL HOME LN	03/28/2019	INCAPITAL LLC	FHLMC NOTES			48,000.00	**48,000.00**
39346	COMM	SYS39346	BCREPO 2.37% MAT	03/28/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,166.67	**13,166.67**
		Totals for 03/28/2019					**439,998,977.78**	**500,000,000.00**	**212,416.67**	**60,213,438.89**
39360	COMM	313384DU0	FHDN DISC NOTE	03/29/2019	UBS FINANCE	FHLB DISCOUNT	199,962,500.00			**-199,962,500.00**
39362	COMM	3130AB3H7	FEDERAL HOME	03/29/2019	Daiwa Capital Market	FHLB NOTES	14,339,424.69			**-14,339,424.69**
39361	COMM	594918BW3	MICROSOFT CORP,	03/29/2019	INCAPITAL LLC	MICROSOFT CORP	20,141,866.67			**-20,141,866.67**

Investment #	Fund	CUSIP	Inv Descrip	TransactionDate	Dealer	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
36641	COMM	3130A7HM0	FEDERAL HOME	03/29/2019	INCAPITAL LLC	FHLB NOTES		20,000,000.00		**20,000,000.00**
36644	COMM	3134G8TV1	FHLMC 1.22% MAT	03/29/2019	INCAPITAL LLC	FHLMC NOTES		7,000,000.00		**7,000,000.00**
38496	COMM	3134GSGS8	FHLMC 2.7% MAT	03/29/2019	INCAPITAL LLC	FHLMC NOTES		20,000,000.00		**20,000,000.00**
39356	COMM	SYS39356	BCREPO 2.42% MAT	03/29/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL		200,000,000.00		**200,000,000.00**
39359	COMM	313384DR7	FHDN DISC NOTE	03/29/2019	UBS FINANCE	FHLB DISCOUNT		200,000,000.00		**200,000,000.00**
36641	COMM	3130A7HM0	FEDERAL HOME	03/29/2019	INCAPITAL LLC	FHLB NOTES			125,000.00	**125,000.00**
36644	COMM	3134G8TV1	FHLMC 1.22% MAT	03/29/2019	INCAPITAL LLC	FHLMC NOTES			42,700.00	**42,700.00**
37018	COMM	3133EGWH4	FEDERAL FARM CR	03/29/2019	INCAPITAL LLC	FFCB NOTES			64,000.00	**64,000.00**
37518	COMM	3134GBBM3	FEDERAL HOME LN	03/29/2019	INCAPITAL LLC	FHLMC NOTES			250,000.00	**250,000.00**
38057	COMM	3137EAEJ4	FEDERAL HOME LN	03/29/2019	KEYBANC CAPITAL	FHLMC NOTES			121,875.00	**121,875.00**
38496	COMM	3134GSGS8	FHLMC 2.7% MAT	03/29/2019	INCAPITAL LLC	FHLMC NOTES			270,000.00	**270,000.00**
39356	COMM	SYS39356	BCREPO 2.42% MAT	03/29/2019	BARCLAYS CAPITAL	BARCLAYS CAPITAL			13,444.46	**13,444.46**
		Totals for 03/29/2019					**234,443,791.36**	**447,000,000.00**	**887,019.46**	**213,443,228.10**
36648	COMM	3134G8S83	FEDERAL HOME LN	04/01/2019	INCAPITAL LLC	FHLMC NOTES			150,000.00	**150,000.00**
36649	COMM	3134G8PD5	FEDERAL HOME LN	04/01/2019	INCAPITAL LLC	FHLMC NOTES			135,000.00	**135,000.00**
36650	COMM	3134G8PD5	FEDERAL HOME LN	04/01/2019	INCAPITAL LLC	FHLMC NOTES			25,076.25	**25,076.25**
36651	COMM	3134G8PD5	FEDERAL HOME LN	04/01/2019	INCAPITAL LLC	FHLMC NOTES			43,031.25	**43,031.25**
36653	COMM	459058FA6	IBRD 1.375% MAT	04/01/2019	MERRILL LYNCH	INTL BANK RECON &			137,600.00	**137,600.00**
36654	COMM	3134G8PD5	FEDERAL HOME LN	04/01/2019	SUNTRUST	FHLMC NOTES			84,375.00	**84,375.00**
36880	COMM	3136G3SY2	FEDERAL NATL MTG	04/01/2019	INCAPITAL LLC	FNMA NOTES			46,875.00	**46,875.00**
37017	COMM	3136G4BV4	FEDERAL NATL MTG	04/01/2019	BREAN CAPITAL LLC	FNMA NOTES			145,000.00	**145,000.00**
		Totals for 04/01/2019							**766,957.50**	**766,957.50**
		Grand Total					**28,015,098,599.**	**28,956,901,891.**	**32,300,782.04**	**974,104,074.60**

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the District, and "Agent" means the Paying Agent.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or 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, Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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