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

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

$3,100,000
PARLIER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

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

Authority and Purpose. The captioned bonds (the "Series A Bonds") are being issued by the Parlier Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on July 9, 2019 (the "Bond Resolution"). The Series A Bonds were authorized at an election of the registered voters of the District held on November 6, 2018, which authorized the issuance of $9,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities (the "Authorization"). The Series A Bonds are the first series of bonds to be issued under this Authorization. See "THE SERIES A BONDS – Authority for Issuance" and "THE FINANCING PLAN" herein.

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

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

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

Redemption. The Series A Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES A BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

Bond Insurance. The scheduled payment of principal of and interest on the Series A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series A Bonds by ASSURED GUARANTY MUNICIPAL CORP.

ASSURED GUARANTY MUNICIPAL

MATURITY SCHEDULE
(See inside cover)

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

The Series A Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Certain items will be passed upon for the Underwriter by Dannis Woliver Kelley, Long Beach, California. It is anticipated that the Series A Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about August 1, 2019.

O'CONNOR & COMPANY SECURITIES
PUBLIC FINANCE

The date of this Official Statement is July 18, 2019.

MATURITY SCHEDULE

PARLIER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

Base CUSIP† 701638

$1,610,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Coupon	Yield	Price	CUSIP†
2020	$225,000	5.000%	1.120%	103.847%	GG7
2021	45,000	3.000	1.170	103.607	GH5
2022	50,000	3.000	1.200	105.288	GJ1
2023	60,000	3.000	1.260	106.766	GK8
2027	25,000	3.000	1.710	109.606	GP7
2028	30,000	3.000	1.810	109.842	GQ5
2029	35,000	4.000	1.900	117.297 C	GR3
2030	40,000	4.000	1.980	116.577 C	GS1
2031	45,000	4.000	2.090	115.596 C	GT9
2032	55,000	4.000	2.200	114.624 C	GU6
2033	60,000	4.000	2.300	113.749 C	GV4
2034	70,000	4.000	2.400	112.881 C	GW2
2035	75,000	3.000	2.500	104.007 C	GX0
2036	85,000	3.000	2.650	102.786 C	GY8
2037	95,000	3.000	2.800	101.581 C	GZ5
2038	105,000	3.000	2.940	100.471 C	HA9
2039	110,000	3.000	3.030	99.552	HB7
2040	120,000	3.000	3.120	98.161	HC5
2041	135,000	3.000	3.170	97.321	HD3
2042	145,000	3.125	3.230	98.304	HE1

$45,000 3.000% Term Bond maturing August 1, 2026; Yield 1.530%; Price: 109.722; CUSIP† GN2
$515,000 5.000% Term Bond maturing August 1, 2045; Yield 2.550%; Price: 119.591 C; CUSIP† HF8
$930,000 4.000% Term Bond maturing August 1, 2049; Yield 2.880%; Price: 108.824 C; CUSIP† HG6

C: Priced to the par call date of August 1, 2028.

PARLIER UNIFIED SCHOOL DISTRICT

DISTRICT ADMINISTRATION

Jaime Robles, *Superintendent*
Rene Rodriguez, *Director Classified Projects*
Andrea Affrunti, *Chief Business Officer*
Irma Regalado, *Business Manager*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

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

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

UNDERWRITER COUNSEL

Dannis Woliver Kelley
Long Beach, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

U.S. Bank National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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$3,100,000
PARLIER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

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

INTRODUCTION

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

The District. The District, located in Fresno County (the "**County**"), encompasses approximately 20 square miles, and serves the City of Parlier (the **"City of Parlier"**), in the State of California (the "**State**"). The District currently operates four elementary schools, one junior high school, one high school and one alternative education center. The District's enrollment in fiscal year 2018-19 was 3,471 students. For more information regarding the District and its finances, see Appendix B attached hereto. See also Appendix C hereto for demographic and other statistical information regarding the City of Parlier and the County.

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

Authority for Issuance of the Series A Bonds. The Series A Bonds will be issued pursuant to the Authorization, certain provisions of the Government Code of the State, commencing with Section 53506 thereof (the **"Bond Law"**), and pursuant to a resolution adopted by the Board of Trustees of the District adopted on July 9, 2019 (the "**Bond Resolution**"). See "THE SERIES A BONDS - Authority for Issuance" herein.

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

Redemption. The Series A Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES A BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

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

The District has other series of general obligation bonds outstanding that are payable from *ad valorem* taxes levied on taxable property in the District. See "APPENDIX B - GENERAL AND FINANCIAL INFORMATION – District Financial Information – General Obligation Bonds and Other Long-Term Obligations" and "DEBT SERVICE SCHEDULES" below.

Bond Insurance. The scheduled payment of principal of and interest on the Series A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series A Bonds by Assured Guaranty Municipal Corp.

Tax Matters; Bank Qualification. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Series A Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes, and the Series A Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Also in the opinion of Bond Counsel, interest on the Series A Bonds will be exempt from State of California (the "**State**") personal income taxes. See "TAX MATTERS" herein.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Series A Bonds are available from the Superintendent's Office at 900 Newmark Avenue, Parlier, California 93648, Telephone: (559) 646-2731. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

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THE FINANCING PLAN

The proceeds of the Series A Bonds will be used to finance projects under the Authorization approved by the voters at the Bond Election. The abbreviated form of the ballot measure is as follows:

> *"To improve the quality of education; repair or replace leaky roofs; make health and safety improvements; and modernize outdated classrooms, restrooms and school facilities; shall Parlier Unified School District issue $9,000,000 of bonds at legal interest rates, generating on average $535,000 annually as long as bonds are outstanding at a rate of approximately 6 cents per $100 assessed value, with annual audits, independent citizens' oversight committee, no money for salaries and all money staying local?"*

The Series A Bonds are the first series of bonds to be issued under the Authorization.

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Series A Bonds	$3,100,000.00
Net Original Issue Premium	253,275.00
Total Sources	$3,353,275.00
Uses of Funds	
Deposit to Building Fund	$3,100,000.00
Deposit to Debt Service Fund(1)	34,000.00
Costs of Issuance(2)	219,275.00
Total Uses	$3,353,275.00

(1) Represents capitalized interest expense on the Series A Bonds to November 1, 2019.
(2) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, Financial Advisor, Paying Agent, bond insurance premium and fees of the rating agency.

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THE SERIES A BONDS

Authority for Issuance

The Series A Bonds will be issued under the Bond Law and the Bond Resolution.

Other General Obligation Bond Indebtedness

The District currently has outstanding its:

- $3,000,000 Parlier Unified School District (Fresno County, California) General Obligation Bonds, 2014 Election, Series A, which are currently outstanding in the principal amount of $3,000,000; and

- $4,725,000 Parlier Unified School District (Fresno County, California) 2015 General Obligation Refunding Bonds, which are currently outstanding in the principal amount of $4,185,000; and

- $3,000,000 Parlier Unified School District (Fresno County, California) General Obligation Bonds 2014 Election, Series B, which are currently outstanding in the principal amount of $2,995,000.

Description of the Series A Bonds

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

The Series A Bonds shall be issued in the denomination of $5,000 principal amount each or any integral multiple thereof. Interest on the Current Interest Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2020 (each, an **"Interest Payment Date"**). Each Series A Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15^{th}) day of the month preceding the Interest Payment Date (the **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2020, in which event it will bear interest from the Closing Date identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Series A Bond is in default at the time of authentication thereof, such Series A Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Series A Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Series A Bonds.

See the maturity schedules on the inside cover page of this Official Statement and "DEBT SERVICE SCHEDULE" herein.

Book-Entry Only System

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

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

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

Optional Redemption

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

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

Mandatory Sinking Fund Redemption

The Series A Bonds maturing on August 1, 2026, August 1, 2045 and August 1, 2049 (the **"Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the respective schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Term Bond Maturing August 1, 2026

Redemption Date (August 1)	Sinking Fund Redemption
2024	$10,000
2025	15,000
2026 (maturity)	20,000

Term Bond Maturing August 1, 2045

Redemption Date (August 1)	Sinking Fund Redemption
2043	$155,000
2044	170,000
2045 (maturity)	190,000

Term Bond Maturing August 1, 2049

Redemption Date (August 1)	Sinking Fund Redemption
2046	$205,000
2047	225,000
2048	240,000
2049 (maturity)	260,000

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

Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Series A Bonds, at the expense of the District, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective Owners of any Series A Bonds designated for redemption. Notice of any redemption of Series A Bonds shall specify: (a) the Series A Bonds or designated portions thereof (in the case of redemption of the Series A Bonds in part but not in whole) which are to be redeemed; (b) the date of redemption; (c) the place or places where the redemption will be made, including the name and address of the Paying Agent; (d) the redemption price; (e) the CUSIP numbers (if any) assigned to the Series A Bonds to be redeemed; (f) the bond numbers of the Series A Bonds to be redeemed in whole or in part and, in the case of any Series A Bond to be redeemed in part only, the principal amount of such Series A Bond to be redeemed; and (g) the original issue date, interest rate and stated maturity date of each Series A Bond to be redeemed in whole or in part. Such notice shall further state that on the specified date there shall become due and payable upon each Series A Bond, or portion thereof being redeemed, the redemption price thereof, and that from and after such date, interest thereon shall cease to accrue.

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

Partial Redemption of Bonds

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

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

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

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Los Angeles, California for a like aggregate principal amount of Series A Bonds of authorized denominations and of the same maturity. Subject to the following sentence, any Series A Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series A Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Registered ownership of the Series A Bonds, or any portion thereof, may not be transferred, except: (i) to any successor of Cede & Co. as nominee of DTC or to any substitute depository pursuant to the following clause, (ii) to any substitute depository not objected to by the District or the County upon the resignation of the DTC or a determination by the County to substitute another depository for the DTC because the DTC is no longer able to carry out its functions as depository or (iii) to any person upon the resignation of DTC or its successor from its functions as depository or a determination by the County to remove the DTC or its successor from its functions as depository.

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

Defeasance

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

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

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

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

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

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

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

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

"Federal Securities" means United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations issued by any agency or department of the United States which are secured, directly or indirectly, by the full faith and credit of the United States.

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DEBT SERVICE SCHEDULES

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

PARLIER UNIFIED SCHOOL DISTRICT
Series A Bonds Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
2020	$225,000	$120,331.26	$345,331.26
2021	45,000	109,081.26	154,081.26
2022	50,000	107,731.26	157,731.26
2023	60,000	106,231.26	166,231.26
2024	10,000	104,431.26	114,431.26
2025	15,000	104,131.26	119,131.26
2026	20,000	103,681.26	123,681.26
2027	25,000	103,081.26	128,081.26
2028	30,000	102,331.26	132,331.26
2029	35,000	101,431.26	136,431.26
2030	40,000	100,031.26	140,031.26
2031	45,000	98,431.26	143,431.26
2032	55,000	96,631.26	151,631.26
2033	60,000	94,431.26	154,431.26
2034	70,000	92,031.26	162,031.26
2035	75,000	89,231.26	164,231.26
2036	85,000	86,981.26	171,981.26
2037	95,000	84,431.26	179,431.26
2038	105,000	81,581.26	186,581.26
2039	110,000	78,431.26	188,431.26
2040	120,000	75,131.26	195,131.26
2041	135,000	71,531.26	206,531.26
2042	145,000	67,481.26	212,481.26
2043	155,000	62,950.00	217,950.00
2044	170,000	55,200.00	225,200.00
2045	190,000	46,700.00	236,700.00
2046	205,000	37,200.00	242,200.00
2047	225,000	29,000.00	254,000.00
2048	240,000	20,000.00	260,000.00
2049	260,000	10,400.00	270,400.00
Total	$3,100,000	$2,440,268.98	$5,540,268.98

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Outstanding General Obligation Bonds. The following table shows the debt service schedule with respect to all of the District's outstanding general obligation bonds (assuming no optional redemptions).

ANNUAL DEBT SERVICE
Outstanding General Obligation Bonds
Parlier Unified School District

Bond Year Ending August 1	2015 Refunding Bonds	2014 Election, Series A Bonds	2014 Election, Series B Bonds	Series A Bonds	Total Debt Service
2020	$321,656.25	$142,081.25	$141,087.50	$345,331.26	$950,156.26
2021	327,356.25	146,981.25	145,987.50	154,081.26	774,406.26
2022	342,856.25	151,781.25	150,787.50	157,731.26	803,156.26
2023	352,956.25	156,443.75	160,487.50	166,231.26	836,118.76
2024	367,756.25	160,993.75	164,925.00	114,431.26	808,106.26
2025	377,156.25	165,368.75	174,175.00	119,131.26	835,831.26
2026	390,518.75	169,543.75	178,075.00	123,681.26	861,818.76
2027	403,037.50	178,493.75	181,725.00	128,081.26	891,337.51
2028	414,662.50	182,143.75	200,100.00	132,331.26	929,237.51
2029	424,900.00	190,518.75	197,737.50	136,431.26	949,587.51
2030	439,118.75	193,493.75	210,287.50	140,031.26	982,931.26
2031	457,118.75	201,300.00	217,312.50	143,431.26	1,019,162.51
2032	469,218.75	208,675.00	223,750.00	151,631.26	1,053,275.01
2033	-	235,700.00	214,812.50	154,431.26	604,943.76
2034	-	241,531.25	226,062.50	162,031.26	629,625.01
2035	-	252,000.00	236,750.00	164,231.26	652,981.26
2036	-	260,000.00	245,250.00	171,981.26	677,231.26
2037	-	267,250.00	258,000.00	179,431.26	704,681.26
2038	-	278,750.00	264,750.00	186,581.26	730,081.26
2039	-	289,250.00	270,750.00	188,431.26	748,431.26
2040	-	298,750.00	286,000.00	195,131.26	779,881.26
2041	-	307,250.00	295,000.00	206,531.26	808,781.26
2042	-	319,750.00	303,000.00	212,481.26	835,231.26
2043	-	326,000.00	320,000.00	217,950.00	863,950.00
2044	-	341,250.00	325,500.00	225,200.00	891,950.00
2045	-	-	-	236,700.00	236,700.00
2046	-	-	-	242,200.00	242,200.00
2047	-	-	-	254,000.00	254,000.00
2048	-	-	-	260,000.00	260,000.00
2049	-	-	-	270,400.00	270,400.00
Total	$5,088,312.50	$5,665,300.00	$5,592,312.50	$5,540,268.98	$21,886,193.98

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SECURITY FOR THE SERIES A BONDS

Ad Valorem Taxes

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

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

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

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

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

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

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

Debt Service Fund

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

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

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

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

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

Taxation of State-Assessed Utility Property

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

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Assessed Valuation

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

PARLIER UNIFIED SCHOOL DISTRICT
ASSESSED VALUATION
FISCAL YEAR 2005-06 THROUGH FISCAL YEAR 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total
2005-06	$275,957,094	$41,459	$12,501,674	$288,500,223
2006-07	297,431,248	43,224	12,032,804	309,507,276
2007-08	364,330,771	26,926	7,442,407	371,800,104
2008-09	384,173,796	26,926	12,675,719	396,876,441
2009-10	368,240,924	26,926	14,495,952	382,763,802
2010-11	354,007,479	26,926	14,373,898	368,408,303
2011-12	366,212,232	38,470	13,700,086	379,950,788
2012-13	372,792,201	38,470	13,870,572	386,701,243
2013-14	395,399,966	38,470	8,898,650	404,337,086
2014-15	431,572,605	38,470	12,344,151	443,955,226
2015-16	456,629,895	65,464	11,407,982	468,103,341
2016-17	474,268,837	65,464	10,823,122	485,157,423
2017-18	501,355,956	65,464	10,997,033	512,418,453
2018-19	518,385,058	65,464	9,959,579	528,410,101

Source: California Municipal Statistics, Inc.

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

PARLIER UNIFIED SCHOOL DISTRICT
ASSESSED VALUATION BY LAND USE
FISCAL YEAR 2018-19

Non-Residential:	2018-19 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural	$118,577,532	22.87%	332	11.10%
Commercial	27,226,852	5.25	83	2.78
Vacant Commercial	3,973,625	0.77	45	1.51
Industrial	73,103,459	14.10	12	0.40
Vacant Industrial	1,149,427	0.22	13	0.43
Government/Social/Institutional	125,101	0.02	8	0.27
Subtotal Non-Residential	$224,155,996	43.24%	493	16.49%
Residential:				
Single Family Residence	$275,644,396	53.17%	2,321	77.63%
Mobile Home	1,020,670	0.20	14	0.47
2-4 Residential Units	1,883,970	0.36	20	0.67
5+ Residential Units/Apartments	9,830,784	1.90	17	0.57
Vacant Residential	5,849,242	1.13	125	4.18
Subtotal Residential	$294,229,062	56.76%	2,497	83.51%
Total	$518,385,058	100.00%	2,990	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 Homes. The following table shows the assessed valuation of single-family homes for fiscal year 2018-19.

PARLIER UNIFIED SCHOOL DISTRICT
PER PARCEL 2018-19 ASSESSED VALUATION OF SINGLE-FAMILY HOMES

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	2,321	$275,644,396	$118,761	$115,478

2018-19 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	76	3.274%	3.274%	$ 1,334,801	0.484%	0.484%
$25,000 - $49,999	159	6.850	10.125	6,458,992	2.343	2.827
$50,000 - $74,999	256	11.030	21.155	15,758,806	5.717	8.545
$75,000 - $99,999	411	17.708	38.863	35,446,241	12.859	21.404
$100,000 - $124,999	469	20.207	59.069	53,298,396	19.336	40.740
$125,000 - $149,999	340	14.649	73.718	46,425,164	16.842	57.582
$150,000 - $174,999	212	9.134	82.852	34,072,491	12.361	69.943
$175,000 - $199,999	181	7.798	90.651	33,980,377	12.328	82.271
$200,000 - $224,999	157	6.764	97.415	32,891,400	11.933	94.203
$225,000 - $249,999	18	0.776	98.190	4,204,770	1.525	95.729
$250,000 - $274,999	30	1.293	99.483	7,872,431	2.856	98.585
$275,000 - $299,999	5	0.215	99.698	1,405,352	0.510	99.095
$300,000 - $324,999	3	0.129	99.828	905,708	0.329	99.423
$325,000 - $349,999	0	0.000	99.828	0	0.000	99.423
$350,000 - $374,999	1	0.043	99.871	371,490	0.135	99.558
$375,000 - $399,999	1	0.043	99.914	397,000	0.144	99.702
$400,000 - $424,999	2	0.086	100.000	820,977	0.298	100.000
$425,000 - $449,999	0	0.000	100.000	0	0.000	100.000
$450,000 - $474,999	0	0.000	100.000	0	0.000	100.000
$475,000 - $499,999	0	0.000	100.000	0	0.000	100.000
$500,000 and greater	0	0.000	100.000	0	0.000	100.000
	2,321	100.000%		$275,644,396	100.000%	

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

Reassessments and Appeals of Assessed Value

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

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

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

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

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

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

Tax Levies and Delinquencies

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, the County includes the District's general obligation bond levies in its Teeter Plan.

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

The following table shows secured tax charges and delinquencies for secured property in the District for fiscal years 2005-06 through 2017-18.

PARLIER UNIFIED SCHOOL DISTRICT
SECURED TAX CHARGES AND DELINQUENCIES
FISCAL YEARS 2005-06 THROUGH 2017-18

	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2005-06	$2,900,754	$208,879	7.20%
2006-07	3,335,997	288,571	8.65
2007-08	4,394,690	467,227	10.63
2008-09	4,378,162	318,118	7.27
2009-10	4,340,007	273,616	6.30
2010-11	4,267,719	192,224	4.50
2011-12	4,367,168	155,983	3.57
2012-13	4,472,742	140,119	3.13
2013-14	4,766,151	102,866	2.16
2014-15	5,082,022	102,665	2.02
2015-16	5,484,635	99,130	1.81
2016-17	5,925,737	95,290	1.61
2017-18	6,686,703	282,113	4.22

(1) 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

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Major Taxpayers

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

PARLIER UNIFIED SCHOOL DISTRICT
Largest 2018-19 Local Secured Taxpayers

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total (1)
1.	Maxco Supply Inc.	Industrial	$ 36,002,587	6.95%
2.	Britz Inc.	Industrial	35,518,606	6.85
3.	Sun Valley Packing LP	Agricultural	7,135,094	1.38
4.	Custom Produce Consol & Cold Stor LLC	Industrial	6,138,300	1.18
5.	Kozi Farming LLC	Agricultural	5,617,437	1.08
6.	Raymond L. & Mary C. Chun, Trustees	Shopping Center	4,915,465	0.95
7.	CDM Investors LLC	Shopping Center	4,497,963	0.87
8.	Running Luck Ranch LLC	Agricultural	4,468,360	0.86
9.	McClarty Farms LLC	Agricultural	4,218,091	0.81
10.	Steve & Loretta Scheenstra, Trustees	Agricultural	3,974,800	0.77
11.	Mike & Lori Jackson, Trustees	Agricultural	3,809,488	0.73
12.	Cesar Chavez Foundation	Apartments	3,479,551	0.67
13.	Parlier-Parkwood Apartments	Apartments	3,208,100	0.62
14.	McClarty Farms LLC	Agricultural	3,091,357	0.60
15.	Majestic Development	Agricultural	3,031,503	0.58
16.	Harry A. Berberian & Sons	Agricultural	2,707,104	0.52
17.	Nachhattar Singh & Balbir K. Dhaliwal	Agricultural	2,588,260	0.50
18.	Craig & Michelle K. Sorensen, Trustees	Agricultural	2,472,851	0.48
19.	Chandler Farms LP	Agricultural	2,374,657	0.46
20.	Z4G LLC	Agricultural	2,309,342	0.45
			$141,558,916	27.31%

(1) 2018-19 Local Secured Assessed Valuation: $518,385,058.
Source: California Municipal Statistics, Inc.

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Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of June 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

PARLIER UNIFIED SCHOOL DISTRICT
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
DATED AS OF JUNE 1, 2019

2018-19 Assessed Valuation: $528,410,101

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 6/1/19	
State Center Community College District	0.618%	$ 1,078,317	
Parlier Unified School District	**100.000**	**10,385,000**	(1)
Sierra-Kings Healthcare District	19.737	4,542,701	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$16,006,018	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Fresno County Lease Revenue Bonds	0.673%	$ 249,986	
Fresno County Pension Obligation Bonds	0.673	1,718,019	
Parlier Unified School District Certificates of Participation	100.000	2,895,000	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$4,863,005	
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$9,176,600	
COMBINED TOTAL DEBT		$30,045,623	(2)

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($10,385,000) 1.97%
Total Direct and Overlapping Tax and Assessment Debt 3.03%
Combined Total Debt ($13,280,000) 2.51%
Combined Total Debt 5.69%

Ratios to Redevelopment Incremental Valuation ($220,002,258):
Total Overlapping Tax Increment Debt 4.17%

(1) Excludes Series A Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

On June 27, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

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

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

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

Capitalization of AGM

At March 31, 2019:

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

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

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

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

Incorporation of Certain Documents by Reference

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

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

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

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series A Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty

Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters

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

TAX MATTERS

Tax Exemption

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

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

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

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

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

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

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

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

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

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

CERTAIN LEGAL MATTERS

Absence of Litigation

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

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

Compensation of Certain Professionals

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

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Series A Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Series A Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than 270 days after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2020 with the report for the 2019-20 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter of the Series A Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

In the past five years, the District failed to include information regarding the District's LCFF revenues per ADA in its Annual Reports for the 2016 Refunding Certificates of Participation. Remedial filings have been made to EMMA by Isom Advisors, a Division of Urban Futures, Inc. on behalf of the District, and the District is currently in compliance with its continuing disclosure undertakings.

In order to assist it in complying with its undertakings pursuant to the Rule, including for the Series A Bonds, the District has engaged Isom Advisors, A Division of Urban Futures, Inc., to serve as its dissemination agent.

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

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") is expected to assign a rating of "AA" to the Series A Bonds with the understanding that the Insurer will issue its Policy for the Series A Bonds. Additionally, S&P has assigned an underlying rating of "BBB+" to the Series A Bonds. Such ratings reflect only the views of S&P and an explanation of the significance of such rating may be obtained only from S&P. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series A Bonds.

UNDERWRITING

The Series A Bonds are being purchased by O'Connor & Company Securities, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Series A Bonds at a price of $3,134,000.00, which is equal to the initial principal amount of the Series A Bonds of $3,100,000.00, plus original issue premium of 253,275.00, less an Underwriter's discount of $46,500.00, less costs of issuance of $172,775.00. The purchase contract relating to the Series A Bonds provides that the Underwriter will purchase all of the Series A Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

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

ADDITIONAL INFORMATION

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

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

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

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

PARLIER UNIFIED SCHOOL DISTRICT

By: /s/ Jaime Robles
Superintendent

APPENDIX A

PARLIER UNIFIED SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017-18

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PARLIER UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

PARLIER UNIFIED SCHOOL DISTRICT

PARLIER, CALIFORNIA

JUNE 30, 2018

MEMBER	OFFICE	TERM EXPIRES
Juan David Garza	President	December 2020
Carlos A. Lopez	Vice President	December 2020
Elizabeth Tienda	Clerk	December 2018
Edgar Pelayo	Member	December 2018
Jacqueline Garcia-Escoto	Member	December 2018

ADMINISTRATION

Jaime Robles	Superintendent
Ruben Diaz	Assistant Superintendent, Curriculum and Instruction
Elizabeth Wilson	Chief Business Officer

ORGANIZATION

The Parlier Schools were established on July 1, 1925, and the District unified in 1955. The Parlier Unified School District is located in Fresno County, encompasses approximately 20 square miles, and serves the City of Parlier. The District currently operates four elementary schools, one junior high school, one high school and one alternative education center.

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SUPPLEMENTARY INFORMATION

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FINANCIAL SECTION

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DENNIS COOPER AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Parlier Unified School District
Parlier, 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 Parlier Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Parlier Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Parlier Unified School District's 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, 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,* issued by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

12223 Highland Avenue, Suite #106-625 • Rancho Cucamonga, CA 91739 • 909.689.8219

DENNIS COOPER
AND
ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 5–11 and 59–62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Parlier Unified School District's basic financial statements. The accompanying supplementary information, Schedule of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); LEA Organization Structure, Schedule of ADA; Schedule of Instructional Time; Schedule of Financial Trends and Analysis; Reconciliation of Annual Financial and Budget Report With Audited Financial Statements; Schedule of Charter Schools; as required by *2017-18 Guide for Annual Audits of K-12 Local Education Agencies,* issued by the Education Audit Appeals Panel; and Combining Statements – Non-major Governmental Funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, Schedule of Federal Awards, LEA Organization Structure, Schedule of ADA, Schedule of Instructional Time, Schedule of Financial Trends and Analysis, Reconciliation of Annual Financial and Budget Report With Audited Financial Statements, Schedule of Charter Schools is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the previously listed accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Combining Statements – Non-major Governmental Funds has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 on our consideration of Parlier Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Parlier Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Parlier Unified School District's internal control over financial reporting and compliance.

Dennis Cooper & Associates C.P.A.s

December 14, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

The District's financial status declined this year. Total restated net position decreased more than five percent over the course of the year.

- Net position decreased this year mostly due to pension increases.
- Overall revenues were $49.7 million, and expenses were $52.0 million. There were various categorical increases and expense increases related to that as well as pension costs.
- The net cost of basic programs was basically static at $40.8 million.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section

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

Figure A-1
Required Components of Parlier Unified School District's Annual Financial Report

The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

– The *governmental funds* statements tell how *general government* services like were financed in the *short term* as well as what remains for future spending.

– *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

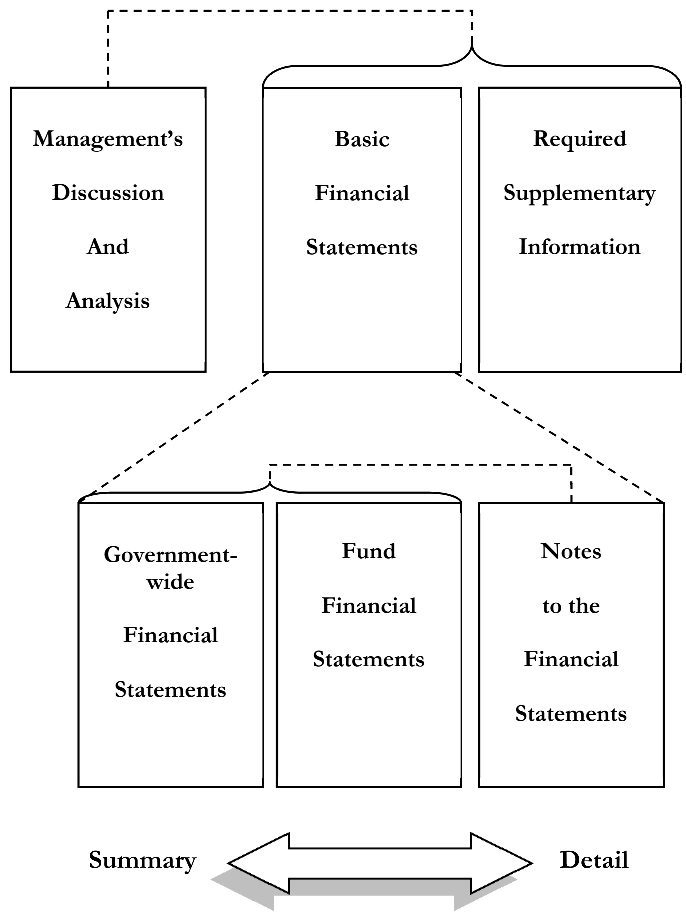

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents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

District-wide Statements

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

The two district-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—are one way to measure the District's financial health or position.

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

In the district-wide financial statements, the District's activities are divided into two categories:
Governmental activities—Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Major Features of Parlier Unified School District's Government-wide and Fund Financial Statements

Figure A-2
Major Features of Parlier Unified School District's Government-wide and Fund Financial Statements

		Fund Statements	
	Government-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position	Balance sheet	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures, and changes in fund balances	Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has two kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at yearend that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's net position was about five percent lower on June 30, 2018, than they were the year before—decreasing to $43.0 million. (See Table 1.) While there was an increase in capital assets from construction increases, overall the decrease in the District's financial position came from the increase to pension liabilities.

Table 1 - Net Position

($ amounts in millions)	2018	Restated 2017	$ Change	% Change
Current and other assets	$ 13.5	$ 16.2	$ (2.7)	-17%
Capital assets	29.5	26.3	3.2	12%
Total Assets	43.0	42.5	0.5	1%
Deferred outflows of resources	11.2	7.5	3.7	49%
Current liabilities	4.7	5.1	(0.4)	-8%
Non-current liabilities	88.9	83.5	5.4	6%
Total Liabilities	93.6	88.6	5.0	6%
Deferred inflows of resources	3.6	2.4	1.2	50%
Net position				
Net investment in capital assets	9.3	15.5	(6.2)	-40%
Restricted	3.3	3.3	-	0%
Unrestricted - (Deficit)	(55.6)	(59.8)	4.2	-7%
Total Net Position - (Deficit)	$ (43.0)	$ (41.0)	$ (2.0)	5%

Changes in net position. The District's total revenues increased seven percent to $49.7 million. (See Table 2.) Grant revenue, specifically Proposition 39 (clean energy) and career technical education, accounted for most of the District's revenue increase. Additionally, the pension costs and grant carryovers, contributed to the expense increases.

Table 2 - Net Position

($ amounts in millions)	2018	2017	$ Change	% Change
Program revenue				
Charges for services	$ 0.1	$ 0.3	$ (0.2)	-67%
Operating grants and contributions	11.0	7.6	3.4	45%
General revenue				
Property taxes	2.2	2.5	(0.3)	-12%
Unrestricted state aid	35.6	33.9	1.7	5%
Other	0.8	2.2	(1.4)	-64%
Total Revenue	49.7	46.5	3.2	7%
Expenses				
Instruction	25.8	24.4	1.4	6%
Instruction-related services	5.5	5.7	(0.2)	-4%
Pupil services	7.7	7.1	0.6	8%
General administration	3.6	4.0	(0.4)	-10%
Plant services	6.0	5.8	0.2	3%
Other charges	0.9	1.2	(0.3)	-25%
Interest	0.6	0.4	0.2	50%
Depreciation (unallocated)	1.9	-	1.9	n/a
Total Expenses	52.0	48.6	3.4	7%
Decrease in net position	$ (2.3)	$ (2.1)	$ (0.2)	-10%

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

- The cost of all governmental activities this year was $52.0 million.
  – Some of the cost ($0.1 million) was financed by the users of the District's programs.
  – The federal and state governments subsidized certain programs with grants and contributions ($11.0 million).
- Most of the District's costs ($40.9 million), however, were financed by District taxpayers and the taxpayers of our state with $2.2 million in property taxes, and $35.8 million of unrestricted state aid based on the statewide education aid formula, and the rest $0.6 million with other revenue sources.

Table 3 - Net Cost of Governmental Activity

	Total Cost of Services			Net Cost of Services		
($ amounts in millions)	2018	2017	% Change	2018	2017	% Change
Instruction	$ 25.8	$ 24.4	6%	$ 21.2	$ 21.2	0%
Instruction-related services	5.5	5.7	-4%	4.0	4.6	-13%
Pupil services	7.7	7.1	8%	4.1	4.1	0%
General administration	3.6	4.0	-10%	2.9	3.7	-22%
Plant services	6.0	5.8	3%	5.1	5.7	-11%
Other	3.4	1.6	113%	3.5	1.4	150%
Total	$ 52.0	$ 48.6	7%	$ 40.8	$ 40.7	0%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported *combined* fund balances of $9.3 million, below last year's ending fund balances of $11.6 million.

Table 4 - Governmental Funds' Performance

($ amounts in millions)	2018	2017	$ Change	% Change
REVENUES				
Local Control Funding Formula	$ 36.0	$ 34.4	$ 1.6	5%
Categorical	11.7	8.3	3.4	41%
Local	2.0	2.8	(0.8)	-29%
Total Revenues	49.7	45.5	4.2	9%
EXPENDITURES				
Certificated	15.2	13.6	1.6	12%
Classified	8.2	7.5	0.7	9%
Benefits	12.9	10.7	2.2	21%
Books and supplies	4.4	4.3	0.1	2%
Services and other operating expenses	5.0	5.4	(0.4)	-7%
Capital outlay	5.1	3.3	1.8	55%
Other outgo	1.2	1.2	-	0%
Total Expenditures	52.0	46.0	6.0	13%
Net financing activities	-	0.3	(0.3)	-100%
NET CHANGE IN FUND BALANCE	$ (2.3)	$ (0.2)	$ (2.1)	1050%

Most of the funds' total decrease was attributed to capital outlay in the Building Fund ($4.1 million). The grant increases helped to offset the construction outlays

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Amendments and supplemental appropriations approved in December (1st Interim) to reflect the actual beginning account balances (correcting the estimated amounts in the budget adopted in June 2017).
- Changes made in the 2nd Interim to account for the midyear spending and adjustments in appropriations to prevent budget overruns.

Actual expenditures were $1.5 million below final budget amounts, and resources available for appropriation were $0.3 million above the final budgeted amount.

Capital Assets

By the end of 2018, the District had invested $63.4 million in a broad range of capital assets, including school buildings, athletic facilities, and equipment. (See Table 5.) This amount represents a net increase of $3.1 million, or twelve percent, from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year exceeded $1.9 million, while construction in progress, building improvements and additions to equipment amounted to $5.1 million.

Table 5 - Capital Assets

($ amounts in millions)	2018	2017	$ Change	% Change
Land and construction in progress	$ 6.5	$ 2.4	$ 4.1	171%
Buildings and equipment	56.9	56.5	0.4	1%
Accumulated depreciation	(34.0)	(32.6)	(1.4)	4%
Total Capital Assets	$ 29.4	$ 26.3	$ 3.1	12%

Long-term Debt

At year-end the District had $89.4 million in general obligation bonds, pensions, and other long-term debt outstanding—an increase of six percent from last year—as shown in Table 6. (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.)

Table 6 - Long-Term Liabilities

($ amounts in millions)	2018	Restated 2017	$ Change	% Change
General Obligation bonds	$ 10.6	$ 10.7	$ (0.1)	-1%
Net pension liabilities	36.2	32.4	3.8	12%
Net OPEB	38.9	37.2	1.7	5%
Compensated absences	0.2	0.2	-	0%
Certificates of participation	3.0	3.1	(0.1)	-3%
Capital leases	0.1	0.3	(0.2)	-67%
Other long-term liabilities	0.3	-	0.3	n/a
Less current portion	(0.5)	(0.4)	(0.1)	38%
Total Long-term Liabilities	$ 88.8	$ 83.5	$ 5.3	6%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Parlier Unified School District's Annual Budget is a planning document that translates educational policy into sound instructional programs and delivery systems through the prudent allocation of financial resources. The accumulation and use of those resources must also provide for a State minimum reserve of 3% of total expenditures for the year ended June 30, 2019. In addition to that reserve level, Board Policy requires a total reserve of 1 0% be established.

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 questions about this report or need additional financial information, contact the District's Office, Parlier Unified School District, 900 S Newmark Avenue, Parlier, CA 93648.

STATEMENT OF NET POSITION
JUNE 30, 2018

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	10,994
Accrued receivables		2,454
Stores inventory		25
Nondepreciable capital assets		6,511
Depreciable capital assets, net		22,940
Total Assets		42,924
DEFERRED OUTFLOWS OF RESOURCES		11,239
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	54,163
LIABILITIES		
Accrued payables	$	4,107
Unearned revenue		71
Long-term obligations, current portion		528
Long-term obligations, net pension liability		88,898
Total Liabilities		93,604
DEFERRED INFLOWS OF RESOURCES		3,636
NET POSITION		
Net investment in capital assets		9,279
Restricted for		
Capital projects		581
Debt service		465
Educational programs		2,276
Unrestricted (Deficit)		(55,678)
Total Net Position		(43,077)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	54,163

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

PARLIER UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
(Amounts in thousands)				
Instruction	$ 25,754	$ 84	$ 4,427	$ (21,243)
Instruction-related services				
Instructional supervision and administration	2,206	-	1,217	(989)
Instructional library, media, and technology	686	-	156	(530)
School site administration	2,597	-	150	(2,447)
Pupil services				
Home-to-school transportation	983	-	0	(983)
Food services	3,074	47	2,687	(340)
All other pupil services	3,616	-	810	(2,806)
General administration				
Centralized data processing	435	-	-	(435)
All other general administration	3,140	3	626	(2,511)
Plant services	5,965	2	862	(5,101)
Ancillary services	602	1	16	(585)
Community services	111	-	-	(111)
Interest on long-term debt	560	-	-	(560)
Transfer to other agencies	378	-	14	(364)
Depreciation (unallocated)	1,913	-	-	(1,913)
Total	$ 52,020	$ 137	$ 10,965	(40,918)

General revenues	
Taxes and subventions	
Property taxes, levied for general purposes	1,611
Property taxes, levied for debt service	584
Federal and state aid not restricted for specific purposes	35,781
Interest and investment earnings	246
Miscellaneous	342
Subtotal, General Revenue	38,564
CHANGE IN NET POSITION	(2,354)
Net Position - Beginning (Restated)	(40,723)
Net Position - Ending	$ (43,077)

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

GOVERNMENTAL FUNDS'
BALANCE SHEETS
JUNE 30, 2018

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 8,200,594	$ 1,387,673	$ 1,332,078	$ 10,920,345
Accrued receivables	1,964,612	465,472	23,353	2,453,437
Due from other funds	790,271	6,001	113,985	910,257
Stores inventory	-	24,537	-	24,537
TOTAL ASSETS	$ 10,955,477	$ 1,883,683	$ 1,469,416	$ 14,308,576
LIABILITIES				
Accrued payables	$ 3,932,083	$ 36,802	$ 60,635	$ 4,029,520
Due to other funds	124,802	528,809	261,462	915,073
Unearned revenue	71,031	-	-	71,031
Total Liabilities	4,127,916	565,611	322,097	5,015,624
FUND BALANCE				
Nonspendable	25,000	24,537	-	49,537
Restricted	1,055,962	1,219,866	1,046,005	3,321,833
Committed	782,116	-	100,697	882,813
Assigned	781,400	73,669	617	855,686
Unassigned	4,183,083	-	-	4,183,083
Total Fund Balance	6,827,561	1,318,072	1,147,319	9,292,952
TOTAL LIABILITIES AND FUND BALANCE	$ 10,955,477	$ 1,883,683	$ 1,469,416	$ 14,308,576

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

PARLIER UNIFIED SCHOOL DISTRICT

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

	(Amounts in thousands)	
Total Fund Balance - Governmental Funds		$ 9,293
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets relating to governmental activities, at historical cost:	$ 63,439	
Accumulated depreciation:	(33,988)	29,451
Unamortized discounts and premiums:		
In governmental funds, debt issue discounts and premiums are recognized as sources and uses in the period they are incurred. In the government-wide statements, issuance discounts and premiums are amortized over the life of the debt. Unamortized discounts and premiums on the statement of net position are:		
Issuance discounts		24
Issuance premiums		(332)
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(77)

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

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

Long-term liabilities:			
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
General obligation bonds payable	10,570		
Net Pension Liability (Asset)	36,217		
Net OPEB Obligation	38,912		
Compensated absences payable	191		
Certificates of participation payable	3,010		
Capital leases payable	134		
Other general long-term debt	392		
Deferred loss on debt refunding	(331)		(89,095)
Deferred outflows and inflows of resources relating to pensions and OPEB:			
In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.			
Deferred outflows of resources relating to pensions and OPEB			10,869
Deferred inflows of resources relating to pensions and OPEB			(3,303)
Internal service funds:			
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:			78
Deferred outflows and inflows of resources related to other postemployment benefits (OPEB):			15
Total Net Position - Governmental Activities:		$	(43,077)

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

PARLIER UNIFIED SCHOOL DISTRICT

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

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula ("LCFF") Sources	$ 35,988,584	$ -	$ -	$ 35,988,584
Federal sources	4,314,293	2,633,317	-	6,947,610
Other State sources	4,110,966	439,015	225,182	4,775,163
Other local sources	1,199,766	107,134	712,688	2,019,588
Total Revenues	45,613,609	3,179,466	937,870	49,730,945
EXPENDITURES				
Current				
Instruction	23,878,726	-	193,706	24,072,432
Instruction-related services				
Instructional supervision and administration	2,209,027	-	-	2,209,027
Instructional library, media, and technology	631,530	-	-	631,530
School site administration	2,479,180	-	-	2,479,180
Pupil services				
Home-to-school transportation	847,468	-	-	847,468
Food services	-	2,889,782	-	2,889,782
All other pupil services	3,463,471	-	-	3,463,471
General administration				
Centralized data processing	542,251	-	-	542,251
All other general administration	2,682,158	144,376	41,622	2,868,156
Plant services	5,340,483	105,979	156,851	5,603,313
Ancillary services	592,019	-	-	592,019
Community services	99,347	-	-	99,347
Transfers to other agencies	377,614	-	-	377,614
Facilities acquisition and construction	646,543	-	3,892,229	4,538,772
Debt service				
Interest and other	5,052	-	467,232	472,284
Principal	131,683	-	250,000	381,683
Total Expenditures	43,926,552	3,140,137	5,001,640	52,068,329
Excess (Deficiency) of Revenues Over Expenditures	1,687,057	39,329	(4,063,770)	(2,337,384)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	14,660	14,660
Transfers Out	(14,660)	-	-	(14,660)
Net Financing Sources (Uses)	(14,660)	-	14,660	-
NET CHANGE IN FUND BALANCE	1,672,397	39,329	(4,049,110)	(2,337,384)
Fund Balance - Beginning	5,155,164	1,278,743	5,196,429	11,630,336
Fund Balance - Ending	$ 6,827,561	$ 1,318,072	$ 1,147,319	$ 9,292,952

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

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

(Amounts in thousands)

Net Change in Fund Balances - Governmental Funds		$ (2,337)
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$ 5,105	
Depreciation expense:	(1,913)	3,192
Debt service:		
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		382
Debt proceeds:		
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:		(497)
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		(77)

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

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

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:		(12)
Pensions: In government funds, pension costs are recognized when employer contributions are made. in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		(1,368)
Postemployment benefits other than pensions ("OPEB"): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		(1,731)
Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:		105
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding, for the period is:		(11)
Change in net position of Governmental Activities	$	(2,354)

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

		Governmental Activities
		Internal Service Funds
		Self-Insurance
ASSETS		
Current assets		
Deposits and investments	$	73,884
Accrued receivables		337
Due from other funds		4,816
TOTAL ASSETS	$	79,037
LIABILITIES		
Current liabilities		
Accrued payables	$	871
NET POSITION		
Unrestricted		78,166
TOTAL LIABILITIES AND NET POSITION	$	79,037

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

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities
	Internal Service Funds
	Self-Insurance
OPERATING REVENUE	
Fee revenue	$ 4,816
OPERATING EXPENSE	
Supplies and materials	6,475
Professional services	6,530
Total operating expenses	13,005
OPERATING GAIN/(LOSS)	(8,189)
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	1,218
Other non-operating revenue	7,150
Total non-operating revenues/(expenses)	8,368
CHANGE IN NET POSITION	179
Net Position - Beginning	77,987
Net Position - Ending	$ 78,166

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

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Activities
	Internal Service Funds
	Self-Insurance
Cash flows from operating activities	
Cash receipts from interfund services provided	$ 4,816
Cash payments for insurance claims	(12,527)
Net cash provided/(used) by operating activities	(7,711)
Cash flows from non-capital financing activities	
Non-operating grants received	7,150
Interfund transfers in	36,824
Net cash provided/(used) by non-capital financing activities	43,974
Cash flows from investing activities	
Interest received	881
NET INCREASE/(DECREASE) IN CASH	37,144
CASH	
Beginning of year	36,740
End of year	$ 73,884
Reconciliation of operating loss to cash used in operating activities	
Operating Loss	$ (8,189)
Increase in accounts payable	478
Net cash used by operating activities	$ (7,711)

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

PARLIER UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Private-Purpose Trust Fund	ASB Agency Funds
ASSETS		
Deposits and investments	$ 9,038	$ 103,554
LIABILITIES		
Due to other agencies/student groups	-	$ 103,554
NET POSITION		
Unrestricted	$ 9,038	

The accompanying notes are an integral part of these financial statements

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

	Private-Purpose Trust Fund
ADDITIONS	
Investment earnings	$ 2
Other sources	1,409
Total Additions	1,411
DELETIONS	
Professional services	1,840
CHANGE IN NET POSITION	(429)
Net Position - Beginning	9,467
Net Position - Ending	$ 9,038

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. <u>Financial Reporting Entity</u>

The Parlier Unified School District ("the District") was established on July 1, 1955, 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/or Federal agencies. The District operates four elementary schools, one intermediate school, one high school, and one continuation school.

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

1 - B. <u>Other Related Entities</u>

Joint Powers Authority ("JPA"). The District is associated with two JPAs. These organizations do not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 14 to the financial statements. These organizations are:

- California Valued Trust ("CVT")
- Organization of Self-Insured Schools ("OSIS")
- Fresno County Self-Insurance Group ("FCSIG")

1 - C. <u>Basis of Presentation</u>

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government ("the District") and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary,* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

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 LEA, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Fiduciary funds are used to account for assets held by the LEA in a trustee or agency capacity for others that cannot be used to support the LEA's own programs.

Major Governmental Funds

General Fund. The general fund is the main operating fund of the LEA. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of an LEA's activities are reported in the general fund unless there is a compelling reason to account for an activity in another fund. An LEA may have only one general fund.

Cafeteria Special Revenue Fund. This fund is used to account separately for federal, state, and local resources to operate the food service program (Education Code sections 38090–38093). The Cafeteria Special Revenue Fund (Fund 13) shall be used only for those expenditures authorized by the governing board as necessary for the operation of the LEA's food service program (Education Code sections 38091 and 38100).

Non-Major Governmental Funds

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

Child Development Fund. This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by an LEA for, or from the operation of, child development services covered under the Child Care and Development Services Act (Education Code Section 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (Education Code Section 8328).

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

Building Fund. This fund exists primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund (Fund 21) are proceeds from the sale or lease-with-option-to-purchase of real property (Education Code Section 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (Education Code Section 41003).

Capital Facilities Fund. This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code sections 17620–17626). The authority for these levies may be county/city ordinances (Government Code sections 65970–65981) or private agreements between the LEA and the developer. Interest earned in the Capital Facilities Fund (Fund 25) is restricted to that fund (Government Code Section 66006).

County School Facilities Fund. This 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) 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 §17070 et seq.), or 2016 State School Facilities Fund (Proposition 51), as provided by Education Code §17070.41.

Special Reserve Fund for Capital Outlay Projects. This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840).

Debt Service Funds. Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund. This fund is used for the repayment of bonds issued for an LEA (Education Code sections 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund (Fund 21) of the LEA. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund (Fund 51) of the LEA. The county auditor maintains control over the LEA's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

<u>Proprietary Funds</u>

Internal Service Funds. Internal service funds are created principally to render services to other organizational units of the LEA on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund. Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of an LEA. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code* Section 17566).

<u>Fiduciary Funds</u>

Trust and Agency Funds. Trust and Agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the LEA's own programs. 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.

Foundation Private-Purpose Trust Fund. This fund is used to account separately for gifts or bequests per Education Code §41031 that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the LEA's own programs.

Student Body Fund. The Student Body Fund is an agency fund and, therefore, consists only of accounts such as Cash and balancing liability accounts, such as Due to Student Groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (Education Code sections 48930–48938).

1 - D. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary, and Fiduciary Financial Statements
The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recoded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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

Governmental Funds
Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. All other revenue items are considered to be measurable and available only when the District receives cash. Local Control Funding Formula ("LCFF"), property taxes, and grant awards are recorded the same as what is described for Government-Wide Statements. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Eliminating Internal Activity
Transactions between funds that would be treated as revenues, expenditures, or expenses if they involve entities external to the District are accounted for as revenues, expenditures, or expenses in the funds. At year-end, outstanding balances between funds are reported in the fund financial statements.

The District eliminates its internal service activity in the statement of activities. This is accomplished by eliminating the revenues and expenses of the internal service funds against each other, and then distributing the residual amount among the various functions based upon the volume of activity they had during the year with each internal service fund. Any inter-fund services provided and used were not eliminated in the functional areas in which they were incurred.

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

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

1 - E. Assets, Liabilities, and Net Position and Fund Balances

Fair Value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

- Cash in county of $10.78 million are valued using quoted market prices (Level 1 inputs)

Acquisition Value. The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Deposits and Investments.
The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2018, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund. The District considers the deposits and investments in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Inventories and Prepaid Items.
Inventories such as school supplies are recorded at cost and valued using the weighted-average cost method. They then become expenditures/expenses of the funds when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets
Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are capitalized at estimated fair market value on the date donated. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

Asset Class	Estimated Useful Life
Buildings	20 – 50
Site Improvements	5 – 50
Equipment	2 – 15

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

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Compensated Absences
Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements.

Pensions
For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net positions of both the California State Teacher's Retirement System (CalSTRS") and California Public Employee Retirement System ("CalPERS") and additions to/deductions from CalSTRS' and CalPERS' fiduciary net positions have been determined on the same basis as they are reported by CalSTRS and CalPERS, respectively. 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.

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

Fund Balance
Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide, proprietary fund, and fiduciary trust fund statements.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the general fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the general fund, that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net Position represents the difference of assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Position invested in capital assets, net of related debt 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. The District has related debt outstanding as of June 30, 2018. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The district-wide financial statements report $3.3 million of restricted net position.

1 - F. Revenues, Expenditures/Expense

Revenues – Exchange and Non-Exchange Transactions

The LCFF and other state apportionments are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. When the annual calculation of the LCFF is made and the District's actual tax receipts, as reported by the county auditor, is subtracted the result determines the annual state aid to which the LEA is entitled. If the difference between the calculated annual state aid and the state aid received on the second principal apportionment is positive a receivable is recorded, and if it is negative a payable is recorded.

The District recognizes property tax revenues actually received as reported on California Department of Education (“CDE”)'s Principal Apportionment Data Collection Software, used by county offices of education and county auditors to report school district and county taxes. The District makes no accrual for property taxes receivable as of June 30.

The District receives grant awards that are "reimbursement type" or "expenditure driven." The eligibility requirements of these awards have not been met until the LEA has made the required expenditures of the grant within the time period specified by the grantor. Revenue is recognized in the period in which the qualifying expenditures are made. Cash received but unspent at the end of the fiscal period is booked as a liability, and revenue is reduced to the amount that has been expended.

The District also receives funds for which they have fulfilled specific eligibility requirements or have provided a particular service. Once the LEAs have provided these services, they have earned the revenue provided. Any unspent money may be carried to the next year to be expended for the same restricted purposes. Revenue is recognized in the period that the service is provided, and any carryover becomes a part of the LEA's ending fund balance.

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

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

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

Operating Revenues and Expenses
Proprietary fund operating revenues, such as charges for services, 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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses result from transactions directly associated with the fund's principal services.

1 - G. Stewardship, Compliance, and Accountability

Budgetary Data
The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

1 - H. New Accounting Pronouncements

The Governmental Accounting Standards Board ("GASB") has issued the following standards:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.
- GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.* The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.
- GASB Statement No. 84, *Fiduciary Activities.* The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.
- GASB Statement No. 85, *Omnibus 2017.* The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged.
- GASB Statement No. 87, *Leases.* Effective Date: For reporting periods beginning after December 15, 2019.

For specific details about the standards, please see www.gasb.org.

NOTE 2 – DEPOSITS AND INVESTMENTS

2 - A. Summary of Deposit and Investment Balances

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

	Governmental Activities	Fiduciary Activities	Total
Deposits in financial institutions	$ 27,351	$ 112,592	$ 139,943
Cash in county	10,775,943	-	10,775,943
Cash with fiscal agent	190,935	-	190,935
Total Cash and Cash Equivalents	$ 10,994,229	$ 112,592	$ 11,106,821

2 - B. Policies and Practices

Allowable investment instruments per Government Code §s 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638.

INVESTMENT TYPE	MAXIMUM MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations— CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper— Pooled Funds	270 days	40% of the agency's money	Highest letter and number rating by an NRSROH
Commercial Paper— Non-Pooled Funds	270 days	25% of the agency's money	Highest letter and number rating by an NRSROH
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30%	None
Placement Service Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 daysL	20% of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass–Through Securities	5 years	20%	"AA" rating category or its equivalent or better R
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	"AA" rating category or its equivalent or better

2 - C. Cash Deposits

Credit Risk. As of June 30, 2018, the District's Cash in County pool consisted of debt securities and the ratings ranged from AA- to AAA by Standard & Poor's, and the average maturities of the pool's securities was 793 days.

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District's deposits may not be returned. The District's deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation ("FDIC") or are collateralized as required by Statutes of the State. As of June 30, 2018, the carrying amount of the District's bank deposits was $139,943, and the respective bank balances totaled $137,288, all of which was insured through the FDIC.

NOTE 3 – ACCRUED RECEIVABLES

Receivables at June 30, 2018, were as follows:

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Self-Insurance	Total Governmental Activities
Federal Government					
Categorical aid	$ 1,550,606	$ 347,123	$ -	$ -	$ 1,897,729
State Government					
Categorical aid	290,404	105,928	16,677	-	413,009
Lottery			-	-	-
Local Government			-		
Interest	34,171	5,740	6,676	337	46,924
Other Local Sources	89,431	6,681	-	-	96,112
Total	$ 1,964,612	$ 465,472	$ 23,353	$ 337	$ 2,453,774

All receivables are considered by management collectible in full.

NOTE 4 – CAPITAL ASSETS

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

(Amounts in thousands)	Balance July 01, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,280	$ -	$ -	$ 1,280
Construction in progress	1,092	4,355	248	5,199
Assets available for sale	-	32	-	32
Non-Depreciable Capital Assets	2,372	4,387	248	6,511
Capital assets being depreciated				
Land improvements	5,863	233	92	6,004
Buildings & improvements	45,881	461	16	46,326
Furniture & equipment	4,708	304	414	4,598
Total Capital Assets Being Depreciated	56,452	998	522	56,928
Less Accumulated Depreciation				
Land improvements	4,169	240	74	4,335
Buildings & improvements	25,761	1,350	16	27,095
Furniture & equipment	2,636	323	401	2,558
Total Accumulated Depreciation	32,566	1,913	491	33,988
Depreciable Capital Assets, net	23,886	(915)	31	22,940
Total Capital Assets, net	$ 26,258	$ 3,472	$ 279	$ 29,451

NOTE 5 – INTER-FUND TRANSACTIONS

5 - A. Balances Due to/from Other Funds

Balances due to/from other funds at June 30, 2018, consist of the following:

	Due From Other Funds				
Due To Other Funds	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Self-Insurance	Total
General Fund	$ -	$ 6,001	$ 113,985	$ 4,816	$ 124,802
Cafeteria Fund	528,809	-	-	-	528,809
Non-Major Governmental Funds	261,462	-	-	-	261,462
Total	$ 790,271	$ 6,001	$ 113,985	$ 4,816	$ 915,073

The General Fund owes the Cafeteria Fund for program support	$ 6,001
The General Fund owes the Special Reserve Fund for Capital Projects for capital reserve	113,985
The General Fund owes the Self-Insurance Fund for loss assessment	4,816
The Cafeteria Fund owes the General Fund for excess program support in the amount of	528,809
The Child Development Fund owes General Fund for cash flow purposes	161,779
The Capital Facilities Fund owes the General Fund for cash flow purposes	2,205
The Special Reserve Fund for Capital Outlay Projects owes the General Fund for cash flow purposes	97,478
Total	$ 915,073

5 - B. Transfers to/from Other Funds

Transfers to/from other funds at June 30, 2018, consist of the following:

	Transfers In From Other Funds
Transfers Out to Other Funds	Special Reserve Fund for Capital Outlay Projects
General Fund	$ 14,660

The General Fund transferred capital outlay reserves in the amount of	$ 14,660

NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES & DEFERRED INFLOWS OF RESOURCES

(Amounts in thousands)	Balance July 01, 2017	Additions	Deductions	Balance June 30, 2018
Deferred Outflows of Resources				
Pension related	$ 7,154	$ 5,083	$ 1,368	$ 10,869
OPEB related	-	15	-	15
Bond issuance discount	25	-	1	24
Economic loss on refunding	354	-	23	331
Total Deferred Outflows of Resources	$ 7,533	$ 5,098	$ 1,392	$ 11,239
Deferred Inflows of Resources				
Pension related	$ 2,031	$ 1,647	$ 375	$ 3,303
Bond issuance premium	346	-	13	333
Total Deferred Inflows of Resources	$ 2,377	$ 1,647	$ 388	$ 3,636

NOTE 7 – ACCRUED PAYABLES

Payables at June 30, 2018, were as follows:

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Self-Insurance	District-Wide	Total Governmental Activities
Payroll	$ 127,429	$ 8,035	$ -	$ -	$ -	$ 135,464
Deferred Pay	1,424,081	-	-	-	-	1,424,081
Benefits	1,475,228	-	-	-	-	1,475,228
Vendors	864,674	28,767	60,635	871	-	954,947
LCFF	40,671	-	-	-	-	40,671
Interest						
COP	-	-	-	-	12,000	12,000
GO Bond	-	-	-	-	65,000	65,000
Total	$ 3,932,083	$ 36,802	$ 60,635	$ 871	$ 77,000	$ 4,107,391

NOTE 8 – UNEARNED REVENUES

Unearned revenue at June 30, 2018, were as follows:

	General Fund
Federal sources	$ 11,938
State sources	59,093
Total	$ 71,031

NOTE 9 – LONG-TERM LIABILITIES

9 - A. Long-Term Liabilities Summary

Long-term liability activity for the year ended June 30, 2018 was as follows (in thousands):

(Amounts in thousands)	Balance Jul 01, 2017	Restatement	Additions	Deductions	Balance Jun 30, 2018	Balance Due in One Year
General obligation bonds payable	$ 10,740	$ -	$ -	$ 170	$ 10,570	$ 185
Net Pension Liability (Asset)	32,404	-	19,089	15,276	36,217	-
Net OPEB Obligation	17,692	19,790	1,450	20	38,912	-
Compensated absences payable	179	-	12	-	191	-
Certificates of participation payable	3,090	-	-	80	3,010	115
Capital leases payable	266	-	-	132	134	134
Early retirement incentive program	-	-	497	105	392	94
Total	$ 64,371	$ 19,790	$ 21,048	$ 15,783	$ 89,426	$ 528

9 - B. Bonded Debt

The District issued the following General Obligation Bonds. The bonds represent general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the County of Fresno.

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding June 30, 2017	Redeemed	Bonds Outstanding June 30, 2018
July 19, 2007	August 1, 2017	4.25%	$ 100	$ 100	$ 100	$ -
August 21, 2014	August 1, 2044	2% - 5%	3,000	3,000	-	3,000
July 29, 2015	August 1, 2044	2% - 5%	3,000	3,000	-	3,000
February 3, 2015	August 1, 2032	2% - 3.125%	4,725	4,640	70	4,570
			$ 10,825	$ 10,740	$ 170	$ 10,570

9 - C. Debt Service Requirements to Maturity – Bonds

The bonds mature as follows:

(Amounts in thousands)	2014 Series A General Obligation Bonds			
Year Ending June 30,	Maturity Schedule	Sinking Fund Payment	Interest	Total Debt Service Payment
2019	$ -	$ -	$ 137	$ 137
2020	-	-	137	137
2021	5	5	137	142
2022	10	10	137	147
2023	15	15	137	152
2024 - 2028	155	155	673	828
2029 - 2033	335	335	635	970
2034 - 2038	240	705	536	1,241
2039 - 2043	-	1,155	310	1,465
2044 - 2045	2,240	620	32	652
	$ 3,000	$ 3,000	$ 2,871	$ 5,871

(Amounts in thousands)	2014 Series B General Obligation Bonds			
Year Ending June 30,	Maturity Schedule	Sinking Fund Payment	Interest	Total Debt Service Payment
2019	$ -	$ -	$ 136	$ 136
2020	5	5	136	141
2021	5	5	136	141
2022	10	10	136	146
2023	15	15	136	151
2024 - 2028	190	190	666	856
2029 - 2033	225	425	617	1,042
2034 - 2038	415	655	511	1,166
2039 - 2043	1,035	1,095	297	1,392
2044 - 2045	1,100	600	31	631
	$ 3,000	$ 3,000	$ 2,802	$ 5,802

(Amounts in thousands)	2015 Refunding General Obligation Bonds		
Year Ending June 30,	Maturity Schedule	Interest	Total Debt Service Payment
2019	$ 185	$ 113	$ 298
2020	200	109	309
2021	215	105	320
2022	225	100	325
2023	245	95	340
2024 - 2028	1,485	390	1,875
2029 - 2033	2,015	159	2,174
	$ 4,570	$ 1,071	$ 5,641

9 - D. <u>Pension Liabilities</u>

The District's pension activities between the District and Cal STRS and Cal PERS for the year ended June 30, 2018, resulted in net pension obligations and other related balances as follows:

(Amounts in thousands)	Cal STRS	Cal PERS	Total
Deferred Outflows of Resources	$ (6,511)	$ (4,358)	$ (10,869)
Deferred Inflows of Resources	3,155	$ 148	3,303
District's proportionate share of the net pension liability	23,677	12,540	36,217
Decrease to net position	$ 20,321	$ 8,330	$ 28,651

9 - E. <u>Other Postemployment Benefits</u>

The District is responsible for two OPEB plans, one the District offered and one due to GASB No. 75, offered by Cal STRS. For the year ended June 30, 2018, this resulted in the following OPEB obligations:

(Amounts in thousands)	Cal STRS	District	Total
Deferred Outflows of Resources	$ (15)	$ -	$ (15)
District's proportionate share of the net pension liability	171	38,741	38,912
Decrease to net position	$ 156	$ 38,741	$ 38,897

9 - F. Compensated Absences

The District employees accrue vested annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 10 days at the employee's anniversary date. The expense and accrued liability is recognized when the balance is determined at year-end. The District's liability for accumulated annual leave was $191,000 on June 30, 2018. The District does not estimate any of its annual leave total liability will be paid within one year, and as such is not accrued in the fund financial statements.

The compensated absence balances will be paid from the general fund, child development, or cafeteria fund.

9 - G. Certificates of Participation ("COPSs")

Leased Property will be leased by the District from the Local Facilities Finance Corporation, a California nonprofit public benefit corporation (the "Corporation"), pursuant to a Lease Agreement, dated as of August 1, 2016, between the Corporation, as lessor, and the District, as lessee.

The District is required under the Lease Agreement to make semiannual Lease Payments, which comprise the interest and principal due on the Certificates. The District has agreed in the Lease Agreement to include the Lease Payments due in each fiscal year in its budget for that fiscal year and to make the necessary appropriations for the Lease Payments. The District is NOT obligated to levy or pledge any form of taxation. The COPs mature follows:

(Amounts in thousands)

Year Ending June 30,		COP Payment
2019	$	188
2020		186
2021		188
2022		186
2023		188
2024 - 2028		939
2029 - 2033		939
2034 - 2038		942
2039		185
Total		3,941
Less: Amount representing interest		931
Present value of minimum lease payments	$	3,010

9 - H. Capital Leases

The District leases computer equipment; which was not capitalized, due to the individual pieces of equipment being below the capitalization threshold, under capital lease arrangements. Future minimum lease payments at June 30, 2018, are as follows:

(Amounts in thousands)

Year Ending June 30,		Lease Payment
2019	$	136
Less: Amount representing interest		2
Present value of minimum lease payments	$	134

9 - I. Early Retirement Incentive Plan

In June of 2018 the District offered an early retirement incentive is for cash payments totaling 60% of the employees final base pay without regard to stipends, bonuses, extra duty pay, longevity or differentials; to be paid out at a rate of 12% each year; in five (5) annual payments commencing on June 29, 2018 and, thereafter, the end of each June for four years. A discount rate of 3.0% has been applied to these future payments. As of June 30, 2018, the future payments are as follows:

(Amounts in thousands)

Year Ending June 30,		Retiree Payment
2019	$	105
2020		105
2021		105
2022		105
Total		420
Less: Amount representing interest		28
Present value of minimum payments	$	392

NOTE 10 – FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Non-restricted				
Reserve for revolving cash	$ 25,000	$ -	$ -	$ 25,000
Reserve for stores inventory	-	24,537	-	24,537
Total Nonspendable	25,000	24,537	-	49,537
Spendable				
Restricted				
Educational programs				
Federal	22,130	1,219,866	-	1,241,996
State	981,630	-	-	981,630
Local	52,202	-	-	52,202
Capital projects				
Bond election	-	-	110,331	110,331
Developer fees	-	-	200,100	200,100
Other local	-	-	79,522	79,522
Debt service				
General obligation bonds	-	-	465,117	465,117
COPs	-	-	190,935	190,935
Total Restricted	1,055,962	1,219,866	1,046,005	3,321,833
Committed				
LCAP	782,116	-	-	782,116
County school facilities	-	-	100,697	100,697
Total Committed	782,116	-	100,697	882,813
Assigned				
Deferred Maintenance	498,625	-	-	498,625
Transportation Equipment	37,875	-	-	37,875
Chavez MPR	244,900	-	-	244,900
Child Development	-	-	617	617
Cafeteria	-	73,669	-	73,669
Total Assigned	781,400	73,669	617	855,686
Unassigned, reserve for economic uncertainty	4,183,083	-	-	4,183,083
Total	$ 6,827,561	$ 1,318,072	$ 1,147,319	$ 9,292,952

NOTE 11 – DEFINED BENEFIT PENSION PLANS

11 - A. CalSTRS

Plan Description
CalSTRS administers a hybrid retirement system consisting of a defined benefit plan, two defined contribution plans, a postemployment benefit plan, and a fund used to account for ancillary activities associated with various deferred compensation plans and programs:

- State Teachers' Retirement Plan ("STRP")
- CalSTRS Pension 2® Program (Internal Revenue Code 403(b) and 457(b) plans)
- Teachers' Health Benefits Fund ("THBF")
- Teachers' Deferred Compensation Fund ("TDCF")

CalSTRS provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system. The Teachers' Retirement Law (California Education Code § 22000 et seq.), as enacted and amended by the California Legislature, established these plans and CalSTRS as the administrator. The terms of the plans may be amended through legislation.

The STRP is a multiple employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit ("DB") Program, Defined Benefit Supplement ("DBS") Program, Cash Balance Benefit ("CBB") Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP. CalSTRS issues a publicly available financial report that can be obtained at https://www.calstrs.com/comprehensive-annual-financial-report.

Benefits Provided
The STRP DB Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS

The 2% refers to the percentage of your final compensation that you'll receive as a retirement benefit for every year of service credit, also known as the age factor. Other differences between the two benefit structures are final compensation, age factors, normal retirement age, creditable compensation cap and contribution rate. In addition, 2% at 62 members aren't eligible for benefit enhancements, the Reduced Benefit Election or the CalSTRS Replacement Benefits Program.

Contributions:	Effective Date	2% at 60 Members	2 % at 62 Members
Members:	July 1, 2016	10.25%	9.205%
Employers:	July 1, 2016	12.58%	
	July 1, 2017	14.43%	
	July 1, 2018	16.28%	
	July 1, 2019	18.13%	
	July 1, 2020	19.10%	
	July 1, 2021 – June 30, 2046	The board cannot adjust the employer rate by more than 1% in a fiscal year, and the increase to the contribution rate above the 8.25% base contribution rate cannot exceed 12% for a maximum of 20.25 percent.	
	July 1, 20146	Increase from prior rate ceases in 2046-47	
State:	July 1, 2017	9.328%	
	July 1, 2017 – June 30, 2046	8.828%, The board has limited authority to adjust state contribution rates from July 1, 2017, through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50% in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0%. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.	
	July 1, 2046 and thereafter	4.517%, and same explanation as above	

Contributions to the pension plan from the District was $2.125 million for the year ended June 30, 2018.

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

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

	(Amounts in thousands)	
District's proportionate share of the net pension liability	$	23,677
State's proportionate share of the net pension liability associated with the District		8,800
Total	$	32,477

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on employer contributions to the STRP are calculated by CalSTRS based on creditable compensation for active members reported by employers to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2017, the District's proportion was as follows:

	Jun. 30, 2017	Jun. 30, 2016	Difference
Net Pension Liability Allocation Basis	0.0002560	0.0002753	-0.0000193

For the year ended June 30, 2018, the District recognized pension expense of $3.1 million and revenue of $1.2 million for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 325
Changes of assumptions	4,386	-
Net difference between projected and actual earnings on pension plan investments	-	631
Changes in proportion and differences between District contributions and proportionate share of contributions	-	2,199
District contributions subsequent to the measurement date	2,125	-
Total	$ 6,511	$ 3,155

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

(Amounts in thousands)		
Year ended June 30:		
2019	$ 2,856	$ 995
2020	731	74
2021	731	414
2022	731	1,032
2023	731	432
2024	731	208
Total	$ 6,511	$ 3,155

Actuarial Assumptions and Discount Rate Information

Actuarial Assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions [1, 2]:

Valuation Date	June 30, 2016
Experience Study	July 1, 2010 – June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return [3]	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.5%
Post-retirement Benefit Increases	2% simple for DB (Annually) Maintain 85% purchasing power level for DB Not applicable for DBS/CBB

[1] For the purpose of determining the total pension liability, the assumptions used in the June 30, 2016, financial reporting actuarial valuation, were applied to all periods prior to July 1, 2017. The assumptions applied to those periods on and after July 1, 2017 are reflected in the table above.
[2] The assumptions for investment rate of return, wage growth and inflation used in the June 30, 2016 financial reporting actuarial valuation were 7.60 percent, 3.75 percent and 3.00 percent, respectively.
[3] Net of investment expenses, but gross of administrative expenses.

Discount Rate

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return [3]
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	-1.00%

[3] 20-years geometric average

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 disclosed in Note 1. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1 percent) and assuming that contributions and benefit payments occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Presented below is the net pension liability of employer using the current discount rate of 7.10%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

(Amounts in thousands)	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 34,764	$ 23,677	$ 14,678

Pension plan fiduciary net position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

11 - B. Cal PERS

Plan Description
Public Employees' Retirement Fund ("PERF") – The PERF was established in 1932 and provides retirement, death and disability benefits to its member employers, which include the State of California, non-teaching, non-certified employees in schools, and various other public agencies. The benefit provisions for the state and school employees are established by statute. The benefits options for the public agencies are established by statute and voluntarily selected by contract with the System in accordance with the provisions of the Public Employees' Retirement Law.

PERF B is a cost-sharing multiple-employer plan of school employers consisting of non- teaching and non-certified employees.

Benefits Provided

The Service Retirement benefit is a monthly allowance equal to the product of benefit factor, years of service, and final compensation.

- The *benefit factor* for classic members comes from the 2% at 55 benefit factor table. New PEPRA members hired on or after January 1, 2013 are subject to the 2% at 62 benefit factor table.
- The *years of service* is the amount credited by CalPERS to a member while he or she is employed in this group (or for other periods that are recognized under the employer's contract with CalPERS). For a member who has earned service with multiple CalPERS employers, the benefit from each employer is calculated separately according to each employer's contract, and then added together for the total allowance. Any unused sick leave accumulated at the time of retirement will be converted to credited service at the rate of 0.004 years of service for each day of sick leave.
- The *final compensation* is the monthly average of the member's highest 12 consecutive months' full-time equivalent monthly pay (no matter which CalPERS employer paid this compensation). For new PEPRA members hired after January 1, 2013 final compensation is based on the monthly average of the member's highest 36 consecutive months' full-time equivalent monthly pay. PEPRA members have a cap on the annual salary that can be used to calculate final compensation for all new members based on the Social Security Contribution and Benefit Base. For employees that participate in Social Security this cap is $117,020 for 2016 and for those employees that do not participate in social security the cap for 2016 is $140,424, the equivalent of 120 percent of the 2016 Contribution and Benefit Base. Adjustments to the caps are permitted annually based on changes to the CPI for All Urban Consumers.
- The employees in this plan may or may not be covered by Social Security. For employees with service prior to January 1, 2001 covered by Social Security, the final compensation is offset by $133.33 (or by one-third if, the final compensation is less than $400). For PEPRA members, the final compensation is not offset.

Contributions

CalPERS required employer contributions to be 15.531% of payroll. The report also reported an employee contribution rate of 7.0% for classic and 6.0% for PEPRA. Contributions to the pension plan from the District was $1.1 million for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $12.5 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 agencies, actuarially determined. The District's proportion was calculated as follows:

	Jun. 30, 2017	Jun. 30, 2016	Difference
Net Pension Liability Allocation Basis	0.0005253	0.0005130	0.0000123

For the year ended June 30, 2018, the District recognized pension expense of $2.6 million. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 449	$ -
Changes of assumptions	1,832	148
Net difference between projected and actual earnings on pension plan investments	434	-
Changes in proportion and differences between District contributions and proportionate share of contributions	526	-
District contributions subsequent to the measurement date	1,117	-
Total	$ 4,358	$ 148

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

(Amounts in thousands)		
Year ended June 30:		
2019	$ 2,276	$ 148
2020	1,396	-
2021	924	-
2022	(238)	-
Total	$ 4,358	$ 148

<u>Actuarial Methods, Assumptions, and Discount Rate Information</u>

Actuarial Methods and Assumptions

For the measurement period ended June 30, 2017, (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability determined in the June 30, 2016, actuarial accounting valuation. The actuarial cost method was Entry Age Normal.

The June 30, 2017, total pension liability was based on the following actuarial assumptions:

Discount Rate	7.15%
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table [1]	Derived using CalPERS membership data for all funds
Post-Retirement Benefit Increase	2.00% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.75% thereafter

[1] The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available online at https://www.calpers.ca.gov/docs/forms-publications/calpers-experiencestudy-2014.pdf.

Other significant actuarial assumptions used in the June 30, 2016, valuation were based on the results of the actuarial experience study for the period from 1997 to 2011.

The tables below reflect long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	**Assumed Asset Allocation**	**Real Return Years 1 – 10** [1]	**Real Return Years 11+** [2]
Global Equity	47.0%	4.90%	5.38%
Global Debt Securities	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40%)	(0.90%)

[1] An expected inflation rate of 2.50% used for this period.
[2] An expected inflation rate of 3.00% used for this period.

Discount Rate
The discount rates used to measure the total pension liability for the PERF B was 7.15% and reflects the long-term expected rate of return for the plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate, the amortization and smoothing periods recently adopted by the Board in 2013 were used. For the PERF B projections of expected benefit payments and contributions at the statutorily required member and employer rates were performed to determine if the assets would run out. The tests revealed the assets would not run out. Therefore the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability for the PERF B. The crossover test results can be found on CalPERS' website at https://www.calpers.ca.gov/page/employers/actuarial-services/gasb

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

Sensitivity of the District's 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 calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (-100 basis points) or one percentage point higher (+100 basis points) than the current rate:

(Amounts in thousands)	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 18,451	$ 12,540	$ 7,637

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS Comprehensive Annual Financial Report.

NOTE 12 – POSTEMPLOYMENT HEALTHCARE PLAN ("OPEB")

12 - A. <u>Cal STRS OPEB</u>
Plan Description
CalSTRS administers a postemployment benefit plan Medicare Premium Payment ("MPP") Program. The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan ("OPEB") established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund ("THBF").

Benefits Provided
The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the STRP DB Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

Contributions
The MPP Program is funded on a pay-as-you go basis from a portion of monthly employer contributions. In accordance with California Education Code §25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program. Total employer contributions to the MPP Program for fiscal year 2016-17 were $29.1 million.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At June 30, 2018, the District reported a liability of $171,00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's proportionate share of total CalSTRS-Calculated Employer Contribution, statutorily determined. The District's proportion was as follows:

	Jun. 30, 2017	Jun. 30, 2016	Difference
Net OPEB Liability Allocation Basis	0.0004075	0.0004320	-0.0000246

For the year ended June 30, 2018, the District recognized pension expense of ($20,000). At June 30, 2018, the District reported deferred outflows of resources from District contributions subsequent to the measurement date in the amount of $15,000, which will be recognized in pension expense in the next fiscal year.

Actuarial Methods, Assumptions, and Discount Rate Information

Actuarial Methods and Assumptions

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

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

[1] The assumed increases in the Medicare Part A and Part B Cost Trend Rates vary by year, however; the increases are approximately equivalent to a 3.7 percent and 4.1 percent increase each year for Medicare Part A and Part B, respectively.

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

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

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following table presents the net OPEB liability of employers as of June 30, 2017, using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

(Amounts in thousands)	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
District's proportionate share of the net OPEB liability	$ 190	$ 171	$ 154

(Amounts in thousands)	1% Decrease (2.7%)	Medicare Costs Trend Rate (3.7%)	1% Increase (4.7%)
District's proportionate share of the net OPEB liability	$ 155	$ 171	$ 188

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS Comprehensive Annual Financial Report, but **no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75**.

12 - B. <u>District OPEB</u>

Plan Description
The Postemployment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Parlier Unified School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of approximately 75 retirees and beneficiaries currently receiving benefits and 300 active plan members. **No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75**.

Benefits Provided
Certificated employees hired prior to July 1, 2006 are eligible to retire and receive District paid health benefits after attaining age 58 and completing 15 years of service. The District pays for medical (including prescription drug) and dental premiums for an eligible retiree, spouse, and dependents. District-paid benefits continue for the retiree's lifetime; however, beginning at age 65, the benefit is limited to retiree-only Medicare Supplement and dental coverages.

Certificated employees hired on or after July 1, 2006 have the same provisions as described above, except that all District-paid benefits end at age 65. In addition, Certificated employees hired on or after April 1, 2008 are subject to the District cap in effect in the year of retirement. Classified employees hired before September 1, 2012 are eligible to retire and receive District-paid health benefits after attaining age 55 and completing 10 years of service. The District pays for medical (including prescription drug) and dental premiums for an eligible retiree, spouse, and dependents. District-paid benefits continue for the retiree's lifetime; however, beginning at age 65, the benefit is limited to retiree-only Medicare Supplement and dental coverages.

Classified employees hired on or after September 1, 2012 must complete at least 15 years of service to be eligible for lifetime benefits; otherwise, benefits end at age 65.

Employees Covered by Benefit Terms
At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	73
Active employees	303
Total	376

Total OPEB Liability
The District's total OPEB liability of $38.7 million was measured as of June 30, 2018.

Measurement Assumptions and Other Inputs
The total OPEB liability in the June 30, 2018 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate:	4.0%
Discount Rate:	3.0%
Medical Trend Rate:	5.0% - 8.0%
Dental Trend Rate:	4.0%
Retirement Rate	8% - 100%

Changes in the Total OPEB Liability

Restated Balance at July 01, 2017	$	36,975
Changes for the year:		
Service cost		1,556
Interest		1,454
Benefit payments		(1,244)
Net changes		1,766
Balances at June 30, 2018	$	38,741

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents 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 as follows:

(Amounts in thousands)	1% Decrease (3.0%)	Current Discount Rate (4.0%)	1% Increase (5.0%)
District's proportionate share of the net pension liability	$ 37,330	$ 38,741	$ 40,379

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2018, the District recognized an OPEB expense of $2.9 million.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation
The District has been named in various pending or threatened litigation, claims or assessments. The ultimate outcome/resolution of these matters is not known at this time. The District is monitoring the progress of these matters and has referred various matters to the District's attorney for consultation and representation.

NOTE 14 – PARTICIPATION IN A JOINT POWERS AUTHORITY

The District is a member of three JPAs. The first is the CVT to provide health insurance, OSIS provides liability and property insurance, and FCSIG provides workers' compensation insurance. The relationship is such that the JPAs are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2018, the District made payments of $6,526,130, $282,479, and $478,377, to CVT, OSIS, and FCSIS, respectively.

NOTE 15 – RESTATEMENT

Due to the implementation of GASB Statement Nos. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and inclusion of the COPs' reserve cash with fiscal agent balance, the prior period adjustments of net position consist of the following:

	Governmental Activities	Capital Facilities Fund
Fund Balance / Net Position, June 30, 2017	$ (21,445,694)	$ 312,190
Increase in:		
Cash with fiscal agent	196,291	196,291
OPEB	(19,473,576)	-
Restated Beginning Fund Balance	$ (40,722,979)	$ 508,481

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts			Variances - Positive / (Negative) Final to Actual
	Original	Final	Actual	
REVENUES				
Local Control Funding Formula ("LCFF") Sources				
State aid	$ 34,005,510	$ 33,620,847	$ 34,377,286	$ 756,439
Local sources	1,531,704	1,958,659	1,611,298	(347,361)
Federal sources	3,381,879	5,036,457	4,314,293	(722,164)
Other State sources	2,064,359	3,534,740	4,110,966	576,226
Other local sources	1,209,626	1,158,081	1,199,766	41,685
Total Revenues	42,193,078	45,308,784	45,613,609	304,825
EXPENDITURES				
Certificated salaries	13,844,741	14,771,594	15,183,355	(411,761)
Classified salaries	6,337,862	6,605,126	7,239,093	(633,967)
Employee benefits	11,771,174	11,907,581	12,298,296	(390,715)
Books and supplies	2,451,310	3,673,322	2,922,182	751,140
Services and other operating expenditures	6,518,128	6,829,508	4,755,374	2,074,134
Capital outlay	752,381	1,670,333	1,177,610	492,723
Other outgo				
Excluding transfers of indirect costs	158,686	163,836	514,349	(350,513)
Transfers of indirect costs	(167,205)	(168,216)	(163,707)	(4,509)
Total Expenditures	41,667,077	45,453,084	43,926,552	1,526,532
Excess (Deficiency) of Revenues Over Expenditures	526,001	(144,300)	1,687,057	1,831,357
OTHER FINANCING SOURCES (USES)				
Transfers Out	(526,000)	(1,003,516)	(14,660)	988,856
NET CHANGE IN FUND BALANCE	1	(1,147,816)	1,672,397	2,820,213
Fund Balance - Beginning	5,155,164	5,155,164	5,155,164	
Fund Balance - Ending	$ 5,155,165	$ 4,007,348	$ 6,827,561	$ 2,820,213

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

	Budgeted Amounts			Variances - Positive / (Negative) Final to
	Original	Final	Actual	Actual
REVENUES				
Federal sources	$ 2,531,000	$ 2,531,000	$ 2,633,317	$ 102,317
Other State sources	216,631	216,631	439,015	222,384
Other local sources	101,000	121,000	107,134	(13,866)
Total Revenues	2,848,631	2,868,631	3,179,466	310,835
EXPENDITURES				
Classified salaries	782,005	776,067	849,871	(73,804)
Employee benefits	556,210	526,915	565,250	(38,335)
Books and supplies	1,239,965	1,627,965	1,509,863	118,102
Services and other operating expenditures	75,898	77,706	35,115	42,591
Capital outlay	45,000	45,000	35,662	9,338
Other outgo				
Transfers of indirect costs	149,553	149,553	144,376	5,177
Total Expenditures	2,848,631	3,203,206	3,140,137	63,069
NET CHANGE IN FUND BALANCE	-	(334,575)	39,329	373,904
Fund Balance - Beginning	1,278,743	1,278,743	1,278,743	
Fund Balance - Ending	$ 1,278,743	$ 944,168	$ 1,318,072	$ 373,904

PARLIER UNIFIED SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

($ amounts in thousands)

Cal STRS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability (asset)	0.03%	0.03%	0.03%	0.03%
District's proportionate share of the net pension liability (asset)	$ 23,677	$ 22,268	$ 19,792	$ 17,117
State's proportionate share of the net pension liability (asset) associated with the District	8,800	12,677	10,468	10,336
Total	$ 32,477	$ 34,945	$ 30,260	$ 27,453
District's covered payroll	$ 13,473	$ 14,005	$ 13,739	$ 13,466
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	176%	159%	144%	127%
Plan fiduciary net position as a percentage of the total pension liabilty	65%	70%	74%	77%

Cal PERS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability (asset)	0.05%	0.05%	0.05%	0.04%
District's proportionate share of the net pension liability (asset)	$ 12,540	$ 10,136	$ 7,109	$ 4,946
District's covered payroll	6,659	6,258	5,358	4,607
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	188%	162%	133%	107%
Plan fiduciary net position as a percentage of the total pension liabilty	72%	74%	79%	83%

The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

SCHEDULE OF CONTRIBUTIONS

($ amounts in thousands)

Cal STRS	2018	2017	2016	2015
Contractually required contribution	$ 2,125	$ 1,695	$ 1,503	$ 1,220
Contributions in relation to the contractually required contribution	(2,125)	(1,695)	(1,503)	(1,220)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 14,726	$ 13,474	$ 14,005	$ 13,739
Contributions as a percentage of covered payroll	14%	13%	11%	9%

Cal PERS	2018	2017	2016	2015
Contractually required contribution	$ 1,117	$ 925	$ 741	$ 631
Contributions in relation to the contractually required contribution	(1,117)	(925)	(741)	(631)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,192	$ 6,660	$ 6,258	$ 5,358
Contributions as a percentage of covered payroll	16%	14%	12%	12%

SUPPLEMENTARY INFORMATION

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PARLIER UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education (CDE):			
Title I, Part A, Basic Grants Low-Income and Neglected **[1]**	84.010	14329	$ 2,662,911
Title I, Part C, Migrant Ed (Regular and Summer Program) **[1]**	84.011	14326	301,015
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	273,253
Title III, Immigrant Student Program	84.365	15146	861
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	17,341
Carl D. Perkins Career and Techn Ed: Secondary, Section 131 (Vocational Education)	84.048	14894	51,321
IDEA:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	529,735
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	19,393
Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5) (17-18)	84.027	13682	58,688
Special Ed: IDEA Subtotal			607,816
Total U. S. Department of Education			3,914,518
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through CDE:			
Child and Adult Care Food Program	10.558	13666	307,008
National School Lunch Program			
Child Nutrition	10.555	*	2,160,229
Commodities	10.555	*	144,847
Summer Food Service Program Operations	10.574	13004	21,232
Total Child Nutrition Cluster			2,326,308
Total U. S. Department of Agriculture			2,633,316
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through CDE:			
Medi-Cal Billing Option	93.778	10013	28,096
Medi-Cal Administrative Activities (MAA)	93.778	10060	218,355
Total U. S. Department of Health & Human Services			246,451
Total Federal Expenditures			$ 6,794,285

[1] - Major Program
No amount provided to subrecipients
***** - PCS Number not known

See accompanying note to supplementary information

PARLIER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2018

	Second Period Attendance Report	Annual Attendance Report
Regular ADA		
TK / K -3	1,079	1,083
Grades 4 - 6	760	762
Grades 7-8	521	522
Grades 9-12	900	897
Total Regular ADA	3,260	3,264
Special Education - Nonpublic, Nonsectarian		
Grades 9-12	1	1
Total ADA	3,261	3,265

See accompanying note to supplementary information

PARLIER UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	Education Code § 46207(a) Minutes' Requirements [1]	Current Year Minutes [2]	Current Year Days [3]	Status
Kindergarten	36,000	51,180	180	Complied
Grade 1	50,400	57,675	180	Complied
Grade 2	50,400	57,675	180	Complied
Grade 3	50,400	57,675	180	Complied
Grade 4	54,000	57,675	180	Complied
Grade 5	54,000	56,775	180	Complied
Grade 6	54,000	56,775	180	Complied
Grade 7	54,000	61,900	180	Complied
Grade 8	54,000	61,900	180	Complied
Grade 9	64,800	65,687	180	Complied
Grade 10	64,800	65,687	180	Complied
Grade 11	64,800	65,687	180	Complied
Grade 12	64,800	65,687	180	Complied

[1] District did NOT meet its LCFF funding target

[2] District participated in Longer Instructional Day

[3] District participated in Longer Instructional Year

See accompanying note to supplementary information

PARLIER UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

		2019 (Budget)[1]	2018	2017	2016
GENERAL FUND:					
Revenues		$ 45,357,664	$ 45,613,609	$ 41,277,122	$ 42,450,701
Transfers in		-	-	971,349	-
	Total	45,357,664	45,613,609	42,248,471	42,450,701
Expenditures		45,764,260	43,926,552	39,902,144	42,497,194
Other uses and transfers out		504,108	14,660	1,518,046	-
	Total	46,268,368	43,941,212	41,420,190	42,497,194
INCREASE/(DECREASE) IN FUND BALANCE		$ (910,704)	$ 1,672,397	$ 828,281	$ (46,493)
ENDING FUND BALANCE		$ 5,916,857	6,827,561	5,155,164	3,823,949
AVAILABLE RESERVES [1]		$ 2,972,467	$ 4,183,083	$ 3,992,582	$ 3,072,327
AVAILABLE RESERVES AS A PERCENTAGE OF OUTGO		6%	10%	10%	7%
LONG-TERM DEBT		NA	$ 89,426,187	$ 64,371,581	$ 30,620,283
AVERAGE DAILY ATTENDANCE AT P-2		3,177	3,261	3,223	3,222

The General Fund balance has increased by $3,003,612 over the past two years. The fiscal year 2018-19 budget projects a decrease of $910,704 (thirteen percent). For a district this size, the State recommends available reserves of at least three percent of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating deficit during the 2018-19 fiscal year. Total long term obligations have increased by $58.8 million over the past two years.

Average daily attendance has increased by 39 ADA over the past two years. A decrease of 84 ADA is anticipated during fiscal year 2018-19.

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[1] Available reserves consist of all unassigned fund balance within the General Fund

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

FUND BALANCE	General Fund	Child Development Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transportation Fund
Balance, June 30, 2018, Unaudited Actuals:	$ 5,237,128	$ 1	$ 59	$ 1,328,238	$ 498,625	$ 37,875
Increase in:						
Cash in county	526,800	-	-	-	-	-
Accrued receivables	34,236	616	-	5,740	-	-
Due from other funds	1,046,259	-	-	-	-	-
Accrued payables	(16,862)	-	-	-	-	-
Decrease in:						
Cash in county	-	-	(59)	-	(15,422)	(37,859)
Cash in banks	-	-		(2,235)	-	-
Accrued receivables	-	-	-	-	(65)	(16)
Due from other funds	-	-	-	-	(500,000)	-
Stores inventory	-	-	-	(13,671)	-	-
Accrued payables	-	-	-	-	16,862	-
Audited financial statement	$ 6,827,561	$ 617	$ -	$ 1,318,072	$ -	$ -

FUND BALANCE	Special Reserve Fund for Other Than Capital Outlay Projects	Capital Facilities	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund
Balance, June 30, 2018, Unaudited Actuals:	$ 1,019,922	$ 199,251	$ 100,274	$ 79,027	$ 463,400
Increase in:					
Cash with fiscal agent	-	190,935	-	-	-
Accrued receivables	-	849	423	495	1,717
Decrease in:					
Cash in county	(473,460)	-	-	-	-
Accrued receivables	(203)	-	-	-	-
Due from other funds	(546,259)	-	-	-	-
Audited financial statement	$ -	$ 391,035	$ 100,697	$ 79,522	$ 465,117

See accompanying note to supplementary information

The District has not sponsored any charter schools

See accompanying note to supplementary information

PARLIER UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2018

	Child Development Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
ASSETS							
Deposits and investments	$ 145,103	$ 158,605	$ 398,487	$ 100,231	$ 66,426	$ 463,226	$ 1,332,078
Accrued receivables	17,293	2,223	935	466	545	1,891	23,353
Due from other funds	-	-	-	-	113,985	-	113,985
TOTAL ASSETS	$ 162,396	$ 160,828	$ 399,422	$ 100,697	$ 180,956	$ 465,117	$ 1,469,416
LIABILITIES							
Accrued payables	$ -	$ 50,497	$ 6,182	$ -	$ 3,956	$ -	$ 60,635
Due to other funds	161,779	-	2,205	-	97,478	-	261,462
Total Liabilities	161,779	50,497	8,387	-	101,434	-	322,097
FUND BALANCE							
Restricted	-	110,331	391,035	-	79,522	465,117	1,046,005
Committed	-	-	-	100,697	-	-	100,697
Assigned	617	-	-	-	-	-	617
Total Fund Balance	617	110,331	391,035	100,697	79,522	465,117	1,147,319
TOTAL LIABILITIES AND FUND BALANCE	$ 162,396	$ 160,828	$ 399,422	$ 100,697	$ 180,956	$ 465,117	$ 1,469,416

See accompanying note to supplementary information

PARLIER UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

	Child Development Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
REVENUES							
Other State sources	$ 213,038	$ -	$ -	$ -	$ -	$ 12,144	$ 225,182
Other local sources	616	47,733	79,499	2,124	4,474	578,242	712,688
Total Revenues	213,654	47,733	79,499	2,124	4,474	590,386	937,870
EXPENDITURES							
Current							
Instruction	193,706	-	-	-	-	-	193,706
General administration							
All other general administration	19,331	-	22,291	-	-	-	41,622
Plant services	-	-	20,184	-	136,667	-	156,851
Facilities acquisition and construction	-	3,646,338	1	-	245,890	-	3,892,229
Debt service							
Interest and other	-	-	74,469	-	-	392,763	467,232
Principal	-	-	80,000	-	-	170,000	250,000
Total Expenditures	213,037	3,646,338	196,945	-	382,557	562,763	5,001,640
Excess (Deficiency) of Revenues Over Expenditures	617	(3,598,605)	(117,446)	2,124	(378,083)	27,623	(4,063,770)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	14,660	-	14,660
NET CHANGE IN FUND BALANCE	617	(3,598,605)	(117,446)	2,124	(363,423)	27,623	(4,049,110)
Fund Balance - Beginning	-	3,708,936	508,481	98,573	442,945	437,494	5,196,429
Fund Balance - Ending	$ 617	$ 110,331	$ 391,035	$ 100,697	$ 79,522	$ 465,117	$ 1,147,319

See accompanying note to supplementary information

NOTE 1 – PURPOSE OF SCHEDULES

1 - A. 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*), as applicable.

There are no balances of loan or loan guarantee programs ("loans") outstanding at the end of the audit period. The District has not elected to use the 10% de minimis cost rate.

1 - B. Schedule of Average Daily Attendance ("ADA")

Displaying ADA data for both the Second Period and Annual reports, by grade span and program as appropriate; and separately for each charter school, shows the total ADA and the ADA generated through classroom-based instruction by grade span, as appropriate; and if there are any ADA adjustments due to audit findings, displays additional columns for the Second Period and Annual reports reflecting the final ADA after audit finding adjustments, shown by grade span.

1 - C. Schedule of Instructional Time

Displaying, for school districts, including basic aid districts, data that show whether the district complied with article 8 (commencing with § 46200) of chapter 2 of part 26 of the Education Code; showing by grade level:

1 - C.I For districts that met or exceeded their LCFF target or districts that participated in longer day funding, the number(s) of instructional minutes specified in Education Code section 46207(a) or 46201(b) as applicable, and the district's required instructional minutes set forth in Audit Guide Part F, Instructional Time, as applicable;
1 - C.II For districts that did not meet or exceed their LCFF target and did not participate in longer day funding, the number(s) of instructional minutes the district offered in the 1982-83 year, and the district's required instructional minutes as calculated in Audit Guide Part F, Instructional Time, as applicable;
1 - C.III For all districts, the instructional minutes offered during the year audited showing the school with the lowest number of minutes offered at each grade level;
1 - C.IV For all districts, the number of instructional days offered during the year audited on the traditional calendar and on any multitrack year-round calendars; and whether the district complied with the instructional minutes and day's provisions. State in a note to the schedule whether the district participated in longer day incentives and whether the district met or exceeded its LCFF target funding.
1 - C.V For charter schools, data that show whether the charter school complied with Education Code sections 47612 and 47612.5; showing by grade level the number(s) of instructional minutes specified in Education Code section 47612.5; the instructional minutes offered during the year audited showing the school location with the lowest number of minutes offered at each grade level; the number of instructional days offered during the year audited on the traditional calendar and on any multitrack calendars; and whether the charter school complied with the instructional minutes and days provisions.

1 - D. Schedule of Financial Trends and Analysis

Displaying information regarding the auditee's financial position and going concern status, in the form of actual financial and attendance figures for at least the most recent three-year period (ending with the audit year), plus the current year's budget, for the following items: general fund financial activity, including total revenue, expenditures, and other sources and uses; general fund balance; available reserve balances (funds designated for economic uncertainty, and any other remaining undesignated fund balance) within the general fund or special reserve fund; available reserve balances expressed as a percentage of total general fund outgo (expenditures, transfers out, and other uses), including a comparison to the applicable state-recommended available reserve percentage; total long-term debt; and elementary and secondary second principal ADA; and, when the auditee's percentage of available reserves to total general fund outgo is below the state-recommended percentage, management's plans for increasing the auditee's available reserve percentage.

1 - E. Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

Displaying the differences between the ending fund balance(s) from the audited financial statements and the unaudited ending fund balance(s) from the annual financial and budget report for each fund in which a variance occurred.

1 - F. Schedule of Charter Schools

Listing all charter schools chartered by the school district or county office of education, and indicating for each charter school whether or not the charter school is included in the school district or county office of education audit.

1 - G. Combining Statements – Non-Major Governmental Funds

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

1 - H. Local Education Agency Organization Structure

LEA Organization Structure, setting forth the following information, at a minimum:

- **1 - H.I** The date on which the LEA was established, and for charter schools the date and granting authority of each charter;
- **1 - H.II** The date and a general description of any change during the year audited in a school district's boundaries;
- **1 - H.III** The numbers by type of schools in the LEA;
- **1 - H.IV** The names, titles, terms, and term expiration dates of all members of the governing board;
- **1 - H.V** The names, with their titles, of the superintendent, chief business official, and deputy / associate / assistant superintendents.

This schedule is located in the front of the report.

OTHER INDEPENDENT AUDITOR'S REPORT

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DENNIS AND COOPER ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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*

The Board of Trustees
Parlier Unified School District
Parlier

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 Parlier Unified School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Parlier Unified School District's basic financial statements, and have issued our report thereon dated December 14, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be deficiencies as items 2018-001.

Compliance and Other Matters

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

Parlier Unified School District's Response to Findings

Parlier Unified School District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Parlier Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Dennis Cooper & Associates C.P.A.s

December 14, 2018

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DENNIS COOPER
AND
ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Parlier Unified School District
Parlier, California

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

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

Management's Responsibility

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

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

Opinion on Each Major Federal Program

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

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DENNIS COOPER

AND

ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

Dennis Cooper & Associates C.P.A.s

December 14, 2018

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DENNIS COOPER AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Parlier Unified School District
Parlier, California

REPORT ON STATE COMPLIANCE

We have audited Parlier Unified School District's compliance with the requirements as identified in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Cod of Regulations*, Title 5, §19810, et seq. ("2017-18 State Audit Guide"), applicable to Parlier Unified School District's state programs as listed on the next page for the year ended June 30, 2018.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of Parlier Unified School District's management.

Auditors' Responsibility

Our responsibility is to express an opinion on Parlier Unified School District's compliance based on our copmliance audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the current State Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs listed on the next page. An audit includes examining, on a test basis, evidence about Parlier Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Parlier Unified School District's compliance with those requirements.

Basis for Qualified Opinion on Classroom Teacher Salaries and School Accountability Report Card ("SARC")

As described in the accompanying Schedule of Findings and Questioned Costs, findings 2018-002 and 2018-003, Parlier Unified School District did not comply with requirements regarding Classroom Teacher Salaries and SARC. Compliance with such requirements is necessary, in our opinion, for Parlier Unified School District to comply with the requirements applicable to that program.

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DENNIS COOPER
AND
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Qualified Opinion on Classroom Teacher Salaries and SARC

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

Unmodified Opinion on Each of the Other State Programs

In our opinion, Parlier Unified School District complied, in all material respects, with the compliance requirements referred to previously that are applicable to programs listed below for the year ended June 30, 2018.

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

PROGRAM NAME		PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools		
A.	Attendance	Yes
B.	Teacher Certification and Misassignments	Yes
C.	Kindergarten Continuance	Yes
D.	Independent Study	Not Applicable
E.	Continuation Education	Not Applicable [1]
F.	Instructional Time	Yes
G.	Instructional Materials	Yes
H.	Ratio of Administrative Employees to Teachers	Yes
I.	Classroom Teacher Salaries	Yes
J.	Early Retirement Incentive	Not Applicable
K.	Gann Limit Calculation	Yes
L.	School Accountability Report Card	Yes
M.	Juvenile Court Schools	Not Applicable
N.	Middle or Early College High Schools	Not Applicable
O.	K-3 Grade Span Adjustment	Yes
P.	Transportation Maintenance of Effort	Yes
Q.	Apprenticeship: Related and Supplemental Instruction	Not Applicable

[1] We did not perform testing for continuation school because ADA was below the required threshold for testing.

PROGRAM NAME		PROCEDURES PERFORMED
School Districts, County Offices Of Education, And Charter Schools		
R.	Educator Effectiveness	Yes
S.	California Clean Energy Jobs Act	Yes
T.	After/Before School Education and Safety Program	Not Applicable
U.	Proper Expenditure of Education Protection Account Funds	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes
X.	Local Control and Accountability Plan	Yes
Y.	Independent Study Course Based	Not Applicable
Charter Schools		Not Applicable

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the audit requirements of the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Dennis Cooper & Associates C.P.A.s

December 14, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Non-compliance material to financial statements noted?	Yes

FEDERAL AWARDS

Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

CFDA Number(s)	Name of Federal Program of Cluster
84.010	Title I, Part A, Basic Grants Low-Income and Neglected
84.011	Title I, Part C, Migrant Ed (Regular and Summer Program)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	No

STATE AWARDS

Type of auditors' report issued on compliance for State programs:	Unmodified

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2018-001 30000
Associated Student Body ("ASB"), Deficiency

CRITERIA
Per *The Associated Student Body Accounting Manual & Desk Reference,* published by the Fiscal Crisis and Management Assistance Team ("FCMAT"), 2009, page 64.

Timely and accurate bank account reconciliations and review are prudent and necessary. Each ASB organization will have at least one bank account with monthly statements. Bank account statements may be sent directly to the school site, or to the district office, which then forwards them to the school site. Normally the ASB bookkeeper is responsible for reconciling all ASB bank statements to checkbooks and general ledger accounts.

CONDITION
It was noted a June 30, 2018 bank reconciliation was not performed properly.

CAUSE
Unknown

EFFECT OR POTENTIAL EFFECT
Cash balances can be difficult to substantiate if the bank reconciliation does not agree to the statement of net position.

RECOMMENDATION
ASB personnel should be provided a copy of the *The Associated Student Body Accounting Manual & Desk Reference* and the bank reconciliation section should be reviewed to ensure the processes is followed properly and the cash balance in appropriately reported.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION
District will require the reconciliations to be turned in quarterly.

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

No Federal Findings Were Noted in the Current Fiscal Year.

Five Digit Code	AB 3627 Finding Type
61000	Classroom Teacher Salaries
72000	School Accountability Report Card

2018-002 61000

CLASSROOM TEACHER SALARIES

CRITERIA

Education §41372 requires that the payment of classroom teacher salaries and benefits meet or exceed fifty-five percent (for unified districts) of total expenditures of the district.

CONDITION

The District spent fifty-four percent of their current expense of education ($35,312,586) on classroom teacher salaries and benefits which was below their fifty-five percent requirement.

EFFECT

The deficiency amount was determined to be $226,001; therefore, the District is out of compliance with Education Code §41372.

CAUSE

Based on the adopted Local Control Accountability Plan, the District has spent more of it's funding on instructional materials and technology to enhance students learning and success.

QUESTIONED COST

The deficiency was calculated to be 0.64%.

RECOMMENDATION

We recommend the District continue to work on this requirement and monitor the status of the waiver request they submitted to the Fresno County Office of Education upon discovery of the non-compliance.

CORRECTIVE ACTION PLAN

The continuing and increasing amounts of State funds that are expected to be spent in areas other than classroom teacher salaries makes it impossible to maintain the 55 percent level. The District has applied for a waiver from the County Office of Education based on the competitiveness of teacher compensation compared to similar districts.

2018-003 72000

SCHOOL ACCOUNTABILITY REPORT CARD ("SARC"), FACILITIES INSPECTION TOOL ("FIT")

CRITERIA

Obtain the school district's or COE's copy of its most recently completed FIT. Compare the information contained in the FIT to the information on safety, cleanliness, and adequacy of school facilities contained in the School Accountability Report Card(s) selected in 1 for that school as required by Education Code §33126(b)(8).

CONDITION
At the time of our audit, the most recent FIT obtained was not completed. Additionally, the previously received FITs had deficiencies as well. In one instance Part III Category Totals and Rankings did not agree to Part II Evaluation Detail; and in another instance there was no Part III Category Totals and Rankings.

EFFECT
The data reported in the SARC could be inaccurate to the facilities condition.

CAUSE
Unknown

QUESTIONED COSTS
None

RECOMMENDATION
Staff should use the Excel spreadsheet, as provided by the Office of Public Construction, fill out Part II of the FIT in Excel, Part III would then be calculated automatically, then print the worksheet for auditor or state's review.

CORRECTIVE ACTION PLAN
Staff will follow procedures to bring the District into compliance with state's requirements.

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

2017-001 **50000**
Excess Carryover, Title I, Part A, CFDA 84.010,

CONDITION
During the 2016-2017 fiscal year, the District's Title I, Part A entitlement was $2,363,309 with a prior year carryover amount of $378,831. The combined amounts gave the District a total available amount of $2,742,140 for the 2016-2017 fiscal year. The District spent $2,064,863 from July 1, 2016 through September 30, 2017, leaving a current year carryover amount for Title I, Part A of $677,277, which is 25 percent.

RECOMMENDATION
The District should file for a Title I, Part A carryover limit waiver.

STATUS
Implemented

2017-002 **610000**
Classroom Teacher Salaries

CONDITION
The District spent 44.71 percent of their current expense of education ($33,124,723) on classroom teacher salaries and benefits which was below their 60 percent requirement.

RECOMMENDATION
We recommend the District continue to work on this requirement and monitor the status of the waiver request they submitted to the Fresno County Office of Education upon discovery of the noncompliance.

STATUS
Not implemented, see finding 2018-002

APPENDIX B

GENERAL AND FINANCIAL INFORMATION FOR THE PARLIER UNIFIED SCHOOL DISTRICT

GENERAL DISTRICT INFORMATION

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

General Information

The boundaries of the Parlier Unified School District (the **"District"**) encompass an area of approximately 20 square miles within the central portion of Fresno County (the **"County"**), and serves the City of Parlier, California. The District currently operates four elementary schools, one junior high school, one high school and one alternative education center. The District's enrollment for fiscal year 2018-19 was 3,471 students.

Administration

Board of Trustees. The District is governed by a five-member Board of Trustees (the "**Board**"), each member of which is elected to a four-year term. Elections for positions to the Board of Trustees are held every two years, alternating between two and three available positions. Current members of the Board of Trustees, together with their office and the date their term expires, are listed below:

Name	Office	Term Expires
Carlos A. Lopez	President	November 2020
Elizabeth L. Tienda	Vice President	November 2022
Eric Molina	Clerk	November 2022
Juan David Garza	Member	November 2020
Joseph Vasquez	Member	November 2022

Superintendent and Administrative Personnel. The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators. The names and brief biographies of the Superintendent and certain other key administrative personnel are set forth below:

Jaime Robles, Superintendent. Mr. Robles was appointed as Superintendent in November 2017. Prior to joining the District, Mr. Robles served as Principal of Lindsay High School. Mr. Robles has 28 years of experience in education.

Andrea Affrunti, Chief Business Officer. Ms. Affrunti joined the District as Chief Business Officer in December 2018. Prior to joining the District, Ms. Affrunti served as Assistant Superintendent of Business at Central Union School District.

Irma Regalado, Business Manager. Ms. Regalado joined the District as Business Manager on October 30, 2012. Prior to joining the District, Ms. Regalado was employed at the Washington Unified School District and the Fresno Unified School District.

Grand Jury Investigation and FCMAT Extraordinary Audit

Based on a citizen complaint the Fresno County Grand Jury conducted an investigation and issued a report on July 21, 2015. The report raised concerns related to the District's use of credit cards, contracting and hiring procedures, meal expenditures for local meetings, travel and conference expenditures and governance. As a result of the Grand Jury report, the District placed former superintendent Gerardo Alvarez on paid administrative leave in August 2015 and later terminated. Following the Grand Jury report, the Fresno County Office of Education began a review of expenditures and internal controls of the District and in September 2015 entered into an agreement with the State's Fiscal Crisis and Management Assistance Team ("**FCMAT**") to conduct an AB 139 Extraordinary Audit of the District to determine if fraud, misappropriation of funds or other illegal activities may have occurred. The FCMAT Extraordinary Audit, included the following findings:

Governance and Board Policies. The Extraordinary Audit found the District's internal control environment to be significantly deficient. The governing board and superintendent failed to follow the District's own board bylaws and policies, including policies relating to bidding processes, board approval of contracts, obtaining conflict of interest statements, establishing and following purchasing procedures, timely approval of board meeting minutes, board member compensation irregularities, and following open meeting laws.

Financial Stewardship and Accountability. The governing board and superintendent left the chief business official ("**CBO**") position vacant for nearly two years. Even upon hiring a CBO at the insistence of the County Office of Education, the superintendent failed to integrate that position into the leadership structure and the CBO was not included in the District's executive cabinet. Additionally, numerous deficiencies of internal controls identified by District auditors in the 2012-13 and 2013-14 audits were left unaddressed by management and the governing board.

Conflicts of Interest. For several years, Form 700 - Statement of Economic Interests of board members and consultants were either not filed as required by State law and board policy, or had incomplete information, reflecting a lack of transparency to the public. Additionally, evidence of instances where contractors were awarded work in exchange for promises of campaign donations was found.

Human Resources. The District's organizational structure included reporting relationships that did not follow professional standards and best practices. The report identified numerous hiring and salary irregularities.

Frivolous Spending for Meals, Conferences and Travel. There were numerous examples of frivolous spending for meals, travel and conference expenses, meetings constituting violations of the Brown Act, and egregious examples of the use of public funds for inappropriate costs: receipts paid by the District for alcoholic beverages, in violation of the Education Code, District funds used to pay personal expenses of the superintendent, and double payment of per diem amounts for meals also charged to District credit cards.

Conclusion. The Extraordinary Audit concluded that there was sufficient evidence to demonstrate that fraud, misappropriation of funds and assets or other illegal activities may have occurred, and recommended notifying the governing board, the County Office of Education, the State Controller, the Superintendent of Public Instruction and the local district attorney of such findings.

Fresno County Superintendent Plan of Action

Following the release of the Extraordinary Audit, the Fresno County Superintendent established a Plan of Action to Implement Audit Recommendations 2016-2021 (the "**Plan of Action**"). The District is subject to the Plan of Action and monitoring by the County Superintendent until June 2021.

The Plan of Action included 96 action items, including: develop an organizational structure; retain and maintain key positions of the District management team, including the CBO; provide for public access of board policies, bylaws and regulations; amend board policies to reflect hiring practices that are fair and open and ensure that individuals are selected based on demonstrated knowledge and skills; develop processes to review and correct annual audit findings and implement other internal controls; develop policies regarding credit card use and travel/conference expenses. The District has satisfied 66 of the action items, 28 items are in progress and two items related to governing board training have not yet been started.

Subsequent Events

In January 2019, the District's former superintendent, Gerardo Alvarez, was charged in a felony complaint by the Fresno District Attorney with embezzlement and misappropriation of public funds. The District cannot predict the outcome of this case. There are no current employees or board members implicated in the District Attorney's investigation.

Since 2016, the entire Board of Trustees has been replaced by the voters.

On November 16, 2016, S&P downgraded the District's bonds and certificates of participation from A+/A to BBB+/BBB, respectively, and placed the ratings on Creditwatch. On April 26, 2017, S&P removed its ratings from CreditWatch with negative implications and affirmed its ratings with a negative outlook, due to the ongoing investigation by the District Attorney following the FCMAT Extraordinary Audit. On July 3, 2019, S&P affirmed its ratings for the District's bonds and certificates of participation of BBB+ and BBB, respectively, and changed the outlook to positive from stable.

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Recent Enrollment Trends

The following table shows historical enrollment in the District.

HISTORICAL ENROLLMENT
Parlier Unified School District

School Year	Enrollment	% Change
2009-10	3,298	--
2010-11	3,215	-2.5%
2011-12	3,318	3.2
2012-13	3,320	0.1
2013-14	3,363	1.3
2014-15	3,418	1.6
2015-16	3,381	-1.1
2016-17	3,435	1.6
2017-18	3,421	-0.4
2018-19	3,471	1.5
2019-20(1)	3,485	0.4

(1) Projected.
Source: California Department of Education for fiscal years 2009-10 through 2018-19. Parlier Unified School District for fiscal year 2019-20

Recent increases in enrollment and projected enrollment are attributable to the development of 145 housing units in the City, planned completion of 250 additional housing units, the development of a cannabis manufacturing and distribution facility and other commercial development, as well as declines in inter-district transfers.

Employee Relations

The District currently has 167 full-time equivalent ("**FTE**") certificated, 200 FTE classified, and 49 management, supervisor, and confidential positions. The following table summarizes contracts with bargaining units. The District's management and confidential employees are unrepresented.

Employee Group	Bargaining Group	Contract Expiration Date
Certificated	Parlier Faculty Association	June 30, 2020
Classified	California Schools Employee Association	June 30, 2020

Source: Parlier Unified School District.

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DISTRICT FINANCIAL INFORMATION

Education Funding Generally

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

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

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

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

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

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

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

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

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

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

Grade Span	2017-18 Base Grant Per ADA	2018-19 COLA (3.70%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2018-19 Base Grant/Adjusted Base Grant Per ADA
K-3	$7,193	$266	$776	$8,235
4-6	7,301	270	n/a	7,571
7-8	7,518	278	n/a	7,796
9-12	8,712	322	235	9,269

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

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

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

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

District Accounting Practices

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

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

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's Audited Financial Statements for the fiscal year ending fiscal year 2017-18 were prepared by Dennis Cooper & Associates, Certified Public Accountants, Rancho Cucamonga, California. Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office. See Appendix B hereto for the 2017-18 Audited Financial Statements. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District has not requested nor did the District obtain permission from Dennis Cooper & Associates to include the audited financial statements as an appendix to this Official Statement. Accordingly, Dennis Cooper & Associates has not performed any post-audit review of the financial condition or operations of the District.

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

SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18
Parlier Unified School District

	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
Revenues					
LCFF sources	$23,056,072	$26,542,428	$31,899,007	$34,430,841	$35,988,584
Federal revenues	6,001,024	6,522,570	3,650,905	3,163,819	4,314,293
Other state revenues	3,704,982	3,455,248	5,242,194	2,922,668	4,110,966
Other local revenues	1,477,869	1,743,068	1,121,235	1,539,047	1,199,766
Total Revenues	34,239,947	38,263,314	41,913,341	42,056,375	45,613,609
Expenditures					
Instruction	20,837,355	22,692,923	22,260,650	21,846,560	23,878,726
Instructional supervision and admin.	1,771,293	1,885,355	2,538,352	2,489,198	2,209,027
Instructional library, media, technology	240,778	295,511	357,630	436,766	631,530
School site administration	2,853,479	3,280,189	2,612,336	2,334,891	2,479,180
Home-to-school transportation	659,664	1,108,893	1,159,733	877,997	847,468
Food services	30,912	33,855	-	-	-
All other pupil services	1,831,695	2,092,702	2,248,896	2,536,032	3,463,471
Data processing	382,102	377,591	529,606	764,508	542,251
All other administration	2,558,027	3,779,030	3,173,229	3,121,359	2,682,158
Plant services	4,284,918	5,067,878	5,621,858	5,029,140	5,340,483
Ancillary services	240,187	338,733	375,927	573,357	592,019
Community services	149,939	166,023	169,348	106,212	99,347
Transfers to other agencies (other outgo)	370,796	300,495	318,940	428,648	377,614
Facilities acquisition and construction	515,150	59,245	37,739	-	646,543
Debt Service - interest	-	-	-	7,507	5,052
Debt Service - principal	-	-	136,735	129,228	131,683
Total Expenditures	36,726,295	41,478,423	41,540,979	40,681,403	43,926,552
Excess of Revenues Over/(Under) Expenditures	(2,486,348)	(3,215,109)	372,362	1,374,972	1,687,057
Other Financing Sources (Uses)					
Operating transfers in	-	-	531,833	-	-
Operating transfers out	-	-	(457,850)	(546,697)	(14,660)
Total Other Fin. Source(Uses)	-	-	73,983	(546,697)	(14,660)
Net change in fund balance	(2,486,348)	(3,215,109)	446,345	828,275	1,672,397
Fund Balance, July 1	9,571,997	7,095,648	3,880,539	4,326,884	5,155,164
Fund Balance, June 30	$7,085,649	$3,880,539	$4,326,884	$5,155,159	$6,827,561

Source: Parlier Unified School District Audit Reports.

District Budget and Interim Financial Reporting

Budgeting - Education Code Requirements. 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 Fresno County Superintendent of Schools (the "**County Superintendent**"). The County Superintendent is independent from and not an officer of the County.

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

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

A State law adopted in 1991 ("**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification.

Interim Certifications Regarding Ability to Meet Financial Obligations. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues the following types of certifications:

- ***Positive certification*** - the school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years.

- ***Negative certification*** - the school district will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year.

- ***Qualified certification*** - the school district may not meet its financial obligations for the current fiscal year or subsequent two fiscal years.

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

District's Budget Approval/Disapproval and Certification History. During the past five years, the District received positive certifications on all interim reports.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at Parlier Unified School District, 900 Newmark Avenue, Parlier, California 93648; (559) 646-2731. The District may impose charges for copying, mailing and handling.

District's Fiscal Year 2018-19 and Fiscal Year 2019-20 General Fund. The following table shows the General Fund Adopted Budget and estimated actual figures for Fiscal Year 2018-19, as well as the General Fund Adopted Budget for Fiscal Year 2019-20.

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REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
2018-19 (Adopted Budget and Estimated Actuals) and
2019-20 (Adopted Budget)
Parlier Unified School District

	Adopted Budget Fiscal Year 2018-19	Estimated Actuals 2018-19	Adopted Budget Fiscal Year 2019-20
Revenues			
LCFF Sources	$38,860,668	$39,415,738	$40,775,544
Federal revenues	4,772,357	5,290,421	4,360,163
Other state revenues	2,357,791	2,750,983	2,163,740
Other local revenues	1,257,462	1,596,522	1,240,844
Total Revenues	47,248,278	49,053,664	48,540,291
Expenditures			
Certificated Salaries	15,336,101	15,945,920	16,165,978
Classified Salaries	7,043,928	7,369,663	7,343,825
Employee Benefits	13,425,896	13,897,979	14,456,942
Books and Supplies	3,213,348	4,018,147	3,094,406
Services and Other Operating Expenditures	6,710,677	6,828,821	5,426,131
Capital Outlay	1,034,419	1,333,726	306,702
Other Outgo (excl. transfers of Ind. Costs)	302,636	302,636	436,805
Other Outgo - transfers of indirect costs	(150,753)	(186,057)	(179,307)
Total Expenditures	46,916,252	49,510,835	48,019,523
Excess of Revenues Over/(Under) Expenditures	332,026	(457,171)	1,488,820
Other Financing Sources (Uses)			
Interfund Transfers In	-	-	-
Interfund Transfers Out	(1,027,332)	(799,644)	(968,052)
Total Other Financing Sources (Uses)	(1,027,332)	(799,644)	(968,052)
Net Change in Fund Balance	(695,306)	(1,256,815)	520,768
Fund Balance, July 1[(1)]	5,237,127	5,237,127	3,980,312
Fund Balance, June 30[(2)]	$4,541,821	$3,980,312	$4,501,080

(1) Budgeted and interim reporting figures account for the General Fund separately from other governmental funds, including reserves, which are shown on a combined basis in the District's audited financial statements. As such, budget and interim report figures beginning balance does not correspond to the ending balance in the audited financial statement, as summarized in the preceding table.
(2) Totals may not foot due to rounding.
Source: Parlier Unified School District.

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

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

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

The District cannot predict when or how any additional changes to legal provisions governing the reserve cap would impact its reserves and future spending.

Attendance - Revenue Limit and LCFF Funding Trends

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

Total Trends Under LCFF. The following table sets forth historical LCFF funding for the District for fiscal year 2013-14 through 2019-20 (Budgeted), together with ADA.

AVERAGE DAILY ATTENDANCE AND LCFF FUNDING
Parlier Unified School District
Fiscal Years 2013-14 through 2019-20(1)

Fiscal Year	ADA(1)	Total Funding Trends Under LCFF(2)
2013-14	3,196	$23,056,072
2014-15	3,189	26,542,428
2015-16	3,222	31,899,007
2016-17	3,223	34,430,841
2017-18	3,261	35,988,584
2018-19	3,292	39,025,696
2019-20	3,322	40,775,544

(1) P-2 for Fiscal Year 2013-14 through 2017-18; Estimated Actuals for Fiscal Year 2018-19 and Adopted Budget for Fiscal Year 2019-20.
Source: Parlier Unified School District.

Targeted Student Enrollment. The District has a Target Student unduplicated count of approximately 98.77% in fiscal year 2018-19. Because this percentage is over 55%, the District qualifies for both supplemental funding and concentration funding under LCFF.

Revenue Sources

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

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

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

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

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

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

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

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

Prior Fiscal Distress

Financial Distress and Fiscal Recovery. In September 2005, the District was in fiscal distress and the Superintendent of the Fresno County Office of Education instructed the District to implement a fiscal recovery plan. In fiscal years 2006-07 and 2007-08, the financial outlook for the District was much improved and by fiscal year 2009-10 the District established an unrestricted general fund balance of $8,965,641 or 32.5% of expenditures. However, the District's net change in fund balance was negative for each of fiscal years 2010-11, 2011-12, 2012-13, 2013-14, and 2014-15. This draw down in fund balance was planned and was used to lower the fund balance to a more realistic and sustainable level.

Draw on Debt Service Reserve Surety. On November 3, 2014, in order to cover the first debt service payment on the District's Certificates of Participation (2014 Capital Improvement Corporation) issued in June 2014 (the "**2014 COPs**"), a draw was made on the reserve fund surety policy of Assured Guaranty Municipal Corp. ("**AGM**"), the bond insurer for the 2014 COPs. The District's debt service payment was not received by the Trustee for the COPs until after the cutoff time for payment to Certificate holders. The draw on the reserve fund surety policy was not made as a result of financial difficulty of the District and AGM was reimbursed the same day. The 2014 COPs were refunded by the District's 2016 Refunding Certificates of Participation.

District Retirement Systems

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

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. As of June 30, 2018, the District reported its proportionate share of the net pension liability of STRS and PERS of $23,677,000 and $12,540,000, respectively. See "APPENDIX A - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2018 - Note D" for further information.

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

STRS EMPLOYER CONTRIBUTIONS
Parlier Unified School District
Fiscal Years 2012-13 through 2019-20

Fiscal Year	Amount*
2012-13	$984,634
2013-14	1,110,952
2014-15	1,220,013
2015-16	1,502,733
2016-17	1,695,001
2017-18	2,125,000
2018-19(1)	3,707,937
2019-20(1)	4,133,976

*Increases since fiscal year 2015-16 attributed to increase in contribution rates and modified accounting reporting requirements, which include reporting the District's proportionate share of the plan's net pension liability and recognizing on-behalf STRS contributions in governmental funds.
(1) Estimated actual for 2018-19; budgeted for 2019-20.
Source: Parlier Unified School District.

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

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

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

Fiscal Year	Employer Contribution Rate(1)
2019-20	17.10%
2020-21	19.10
2021-22(2)	18.60
2022-23(2)	18.10

(1) Expressed as a percentage of covered payroll.
(2) FY 2019-20 actual employer contribution rate; employer contribution rate is projected to decrease in fiscal years 2021-22 and 2022-23. Projections may change based on actual experience.
Source: AB 1469.

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

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

The State also contributes to STRS, currently in an amount equal to 6.828% of teacher payroll in Fiscal Year 2017-18. Based upon the recommendation from its actuary, for Fiscal Year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the **"SBPA"**), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

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

PERS Contributions
Parlier Unified School District
Fiscal Years 2012-13 through 2019-20 (Projected)

Fiscal Year	Amount
2012-13	$505,177
2013-14	527,146
2014-15	630,698
2015-16	741,387
2016-17	924,913
2017-18	1,100,000
2018-19(1)	1,245,755
2019-20(1)	1,480,291

(1) Estimated Actual for 2018-19; budgeted for 2019-20.
Source: Parlier Unified School District.

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

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

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

Source: PERS.

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

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

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

Fiscal Year	Projected Employer Contribution Rate[2]
2019-20	19.721%
2020-21	23.500
2021-22	24.600
2022-23	25.300

(1) Rates were estimated by PERS in 2017. FY 2019-20 actual employer contribution rate was reduced pursuant to Circular Letter 200-029-19 dated June 27, 2019. The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
Source: PERS

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

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

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

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

Additional Information. Additional information regarding the District's retirement programs is available in Note 14 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

Plan Descriptions. The District has two postemployment benefit plans. The Medicare Premium Payment Program (the "**MPP Program**") is a cost-sharing multiple employer other postemployment benefit plan. The other plan is a single-employer defined benefit healthcare plan administered by the District (the "**District Plan**").

MPP Program. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members. The MPP Program is funded on a pay as you go basis from a portion of monthly employer contributions. The total employer contributions to the MPP Program for fiscal year 2016-17 was $29.1 million.

District Plan. The District Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the District Plan consists of 75 retirees and beneficiaries currently receiving benefits and 300 active plan members.

District Plan Benefits Provided and Eligibility. Certificated employees hired prior to July 1, 2006 are eligible to retire and receive District paid health benefits after attaining age 58 and completing 15 years of service. The District pays for medical (including prescription drug) and dental premiums for an eligible retiree, spouse and dependents. District-paid benefits continue for a retiree's lifetime, however, beginning at age 65, the benefit is limited to retiree-only Medicare Supplement and dental coverages. Certificated employees hired on or after July 1, 2006 have the same provisions as described above, except that all District-paid benefits end at age 65. In addition, certificated employees hired on or after April 1, 2008 are subject to the District cap in effect in the year of retirement.

Classified employees hired before September 1, 2012 are eligible to retire and receive District-paid health benefits after attaining age 55 and completing 10 years of service. The District pays for medical (including prescription drug) and dental premiums for an eligible retiree, spouse and dependents. District-paid benefits continue for a retiree's lifetime, however, beginning at age 65, the benefit is limited to retiree-only Medicare Supplement and dental coverages. Classified employees hired on or after September 1, 2012 must complete at least 15 years of service to be eligible for lifetime benefits, otherwise, benefits end at age 65.

Total OPEB Liability. The District's total OPEB liability of $38.7 million was measured as of June 30, 2018.

Actuarial Assumptions. The District's total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate:	4.0%
Discount Rate:	3.0%
Medical Trend Rate	5.0% - 8.0%
Dental Trend Rate	4.0%
Retirement Rate	8.0% - 100%

Changes in the Total OPEB Liability The changes in OPEB liability of the District as of June 30, 2017, is shown in the following table:

Changes in Total OPEB Liability	
Restated Balance at June 30, 2017	$36,975,000
Changes for the year:	
Service Cost	1,556,000
Interest	1,454,000
Benefit payments	(1,244,000)
Net changes	1,766,000
Balance at June 30, 2018	$38,741,000

Source: Parlier Unified School District 2017-18 Audit Report.

OPEB Expense. For the year ended June 30, 2018, the District recognized an OPEB expense of $2.9 million. For more information regarding the District's OPEB, see Note 12 in the District's 2017-18 Audit in Appendix A hereto.

Early Retirement Incentive Plan

In June 2018 the District offered an early retirement incentive for cash payments totaling 60% of an employee's final base pay to be paid out at a rate of 12% per year in five annual payments commencing on June 29, 2018 and thereafter, at the end of each June for four years. Future payments are $105,000 per year through June 30, 2022.

General Obligation Bonds and Other Long-Term Obligations

2015 Refunding Bonds. The District issued its 2015 General Obligation Refunding Bonds, in the principal amount of $4,725,000 in February 2015 (the "**2015 Refunding Bonds**"). The 2015 Refunding Bonds proceeds were used to redeem a portion of the District's prior 2007 Bonds. The 2015 Refunding Bonds are currently outstanding in the aggregate principal amount of $4,185,000.

2014 Election, Series A Bonds and Series B Bonds. At an election held on June 3, 2014, the registered voters in the District authorized the issuance of up to $6,000,000 in general obligation bonds (the "**2014 Authorization**"). The District issued its General Obligation Bonds

Election of 2014, Series A (the "**2014 Series A Bonds**") in the principal amount of $3,000,000 in August 2014, which are currently outstanding in the aggregate principal amount of $3,000,000. The District issued its General Obligation Bonds Election of 2014, Series B (the "**2014 Series B Bonds**") in the principal amount of $3,000,000 in July 2015, which are currently outstanding in the aggregate principal amount of $2,995,000. There is no remaining authorization under the 2014 Authorization.

Certificates of Participation. On August 17, 2016, the District entered into a lease financing with Local Facilities Finance Corporation, whereby the District agreed to make lease payments (the "**Lease Payments**") to the Corporation in exchange for an upfront payment of $3,090,000. The Lease Payments were assigned to U.S. Bank National Association (the "**Trustee**"), under a Trust Agreement among the District, the Corporation and the Trustee, pursuant to which, the Trustee executed and delivered Certificates of Participation (the "**2016 COPs**"), evidencing direct, undivided fractional interests of the owners thereof in the Lease Payments to be made by the District. Proceeds of the 2016 COPs were used to refund a prior lease obligation of the District.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the Fresno County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. For further information concerning the County's investment policy, including quarterly investment reports, the County's website (Treasurer's Division) may be accessed at http://www.co.fresno.ca.us/DepartmentPage.aspx?id=6258. The information contained within the website may not be current and is not incorporated in this Official Statement by reference. See "APPENDIX G – FRESNO COUNTY INVESTMENT POLICY AND RECENT INVESTMENT REPORT."

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is the revenue limit, which is a combination of State funds and local property taxes (see "—State Funding of Education – Revenue Limits/LCFF" above). State funds typically make up the majority of a district's revenue limit. School districts also receive funding from the State for various categorical programs.

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

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

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

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

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

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

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

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

Recent State Budgets

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

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Finance" and sub-heading "-Public Finance Division", (1) posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, and (2) also posts various financial documents for the State under the "-Financial Information" link.

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

3. The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the headings "The Budget" and "State Budget Condition."

Prior Years' Budgeting Techniques*.* Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools until a later date in the fiscal year or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2018-19 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 2, 2012 statewide election and Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

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

2019-20 State Budget

On June 27, 2019, Governor Newsom signed the 2019-20 State budget (the "**2019-20 State Budget**") into law. The 2019-20 State Budget calls for total spending of $214.8 billion, with $147.9 billion in general fund spending. The 2019-20 State Budget provides for $81.1 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of $2.7 billion, or 3.4%, from the 2018-19 State budget. Of that $81.1 billion, $62.9 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2019-20, restoring every school district in the State to at least pre-recession funding levels.

The 2019-20 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to $16.5 billion by the end of the budget year. Additionally, revenues have been set aside in new savings funds, including a $900 million reserve for safety net programs. Other significant features of the 2019-20 State Budget include:

- $1.5 billion anticipated in Proposition 51 bond funds for school facilities and an additional $1.2 million of ongoing Proposition 51 bond funds;

- $5 million one-time funding for a long-term strategic plan to provide childcare and preschool for children from birth through age twelve;

- $300 million one-time funding to construct new or retrofit existing facilities to support full-date kindergarten programs;

- $645.3 million ongoing funding for special education, including $152.6 million to provide all Special Education Loan Plan Areas with at least the statewide target rate for base special education funding.

- $147.4 million one-time and ongoing funding to address the shortage of teachers;

- $918 million in additional funding to identify and implement recommendations and solutions to reduce wildfire risk, bolster the state's emergency preparedness capacity and protect vulnerable communities;

- $518,000 one-time funding to reimburse cities, counties and special districts for 2018-2019 property tax losses and a corresponding $530,000 that will be used to backfill property tax revenue losses for K-14 schools in those cities, counties and districts;

- $460 million one-time general funding to increase the quality and availability of child care, including $263 million for child care and preschool facilities expansion and $195 million for childcare and preschool workforce development;

- one-time funding of $750 million to support local governments in increasing and accelerating housing production; and

- one-time funding of $650 million to support local governments in addressing homelessness, to be used for emergency shelters and navigation centers, rapid rehousing, permanent supportive housing, job programs and hotel/motel conversions.

Disclaimer Regarding State Budgets. The implementation of the foregoing 2019-20 State Budget and any future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2018-19 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Series A Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

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

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIIIA of the California Constitution

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

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

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

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

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

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

Article XIIIB of the California Constitution

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

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

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

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

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

Unitary Property

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

Articles XIIIC and XIIID of the California Constitution

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

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

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

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

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

Proposition 98

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

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

Proposition 111

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

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

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

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

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

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

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

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as "**Proposition 39**") to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55 percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55 percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 30 and Proposition 55

Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers and over, $340,000 but less than $408,000 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers and over $408,000 but less than $680,000 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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

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

Proposition 1A and Proposition 22

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

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

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

California Senate Bill 222

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

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 111, 22, 1A, 26, 30 and 39 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF PARLIER AND THE COUNTY OF FRESNO

*The following information concerning the City of Parlier (the "**City**") and the County of Fresno (the "**County**") is included only for the purpose of supplying general information regarding the area of the District. The Series A Bonds are not a debt of the City, the County, the State of California (the "**State"**) or any of its political subdivisions, other than the District, and neither the City, the County, the State nor any of its political subdivisions, other than the District, is liable therefor.*

The City

General. The City is located in the County approximately 200 miles north of Los Angeles and 20 miles south of the City of Fresno. The City is served by Interstate 99, a major freeway link between Bakersfield and Sacramento.

The climate in the City is warm and dry. The mean low temperatures average 35.8 to 54.8 degrees Fahrenheit in February and 62.9 to 98.2 degrees Fahrenheit in August. Rainfall is about 10.25 inches per year, and occurs mainly in February through April.

Municipal Government. The City was incorporated in 1921 and is a general law city with a council-administrator form of government. A member city council is elected by district for four-year alternating terms at elections held every two years. The mayor is the presiding officer of the council and also is elected to serve a four-year term. The city administrator, appointed by the city council for an indeterminate term, acts as chief executive officer in carrying out council policies.

The County

The County is California's fifth largest county, covering approximately 6,000 square miles. It is located in the geographic center of the State and is the nation's leading crop-producing county.

Within the County, there are roughly four different agricultural areas. East and south of the City of Fresno, grapes and other fruit and nut crops are grown, harvested and processed for shipment; west of the City of Fresno is the largest melon-producing area, which lies within the Mendota Unified School District. Also to the west, large crops of cotton, alfalfa, barley, rice, wheat and vegetables are produced. In the southwest are oil wells, extensive cattle and sheep ranches.

The County is the trade, financial and commercial center for many surrounding counties in Central California and is a hub of transportation facilities connecting Central California to all parts of the country. Two major north-south highways, State Highway 99 and Interstate Highway 5, pass through the County. State Highways 180 and 145 run east and west. Railroads, major airlines, bus lines and numerous trucking companies also serve the area.

Population

The table below shows population estimates for the cities in the County for the last five years, as of January 1.

FRESNO COUNTY
Population Estimates
Calendar Years 2015 through 2019

	2015	**2016**	**2017**	**2018**	**2019**
Clovis	105,220	107,958	110,532	113,883	117,003
Coalinga	16,484	16,654	16,987	16,791	17,600
Firebaugh	8,101	8,095	8,047	8,112	8,132
Fowler	5,841	5,918	6,092	6,241	6,605
Fresno	524,938	529,552	533,670	538,330	536,683
Huron	6,895	7,009	7,274	7,302	7,308
Kerman	14,423	14,507	14,743	15,083	15,495
Kingsburg	11,959	12,025	12,215	12,392	12,392
Mendota	11,418	11,560	11,704	12,051	12,315
Orange Cove	9,117	9,141	9,279	9,469	9,975
Parlier	**14,815**	**15,112**	**15,283**	**15,493**	**16,151**
Reedley	25,875	25,935	26,023	26,390	26,666
Sanger	25,286	25,878	26,249	26,648	27,094
San Joaquin	4,068	4,076	4,095	4,119	4,216
Selma	166,576	166,829	168,455	170,183	25,045
Balance of County	166,829	168,455	170,183	166,576	175,561
Total County	**975,043**	**984,537**	**995,233**	**1,007,229**	**1,018,241**

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

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Employment and Industry

The District is located in the Fresno Metropolitan Statistical Area ("**MSA**"), which includes the entire County. The unemployment rate in the County was 7.7% in April 2019, down from a revised 9.3% in March 2019, and below the year-ago estimate of 7.9%. This compares with an unadjusted unemployment rate of 3.9% for California and 3.3% for the nation during the same period.

The following tables show civilian labor force and wage and salary employment data for the County, for the years 2014 through 2018.

FRESNO MSA
(Fresno County)
Civilian Labor Force[(1)], Employment and Unemployment, Unemployment by Industry
(Annual Averages)
(March 2018 benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force	439,300	441,400	446,100	449,900	445,900
Civilian Employment	388,400	396,400	403,700	411,700	410,600
Civilian Unemployment	50,900	45,000	42,400	38,200	35,300
Civilian Unemployment Rate	11.6%	10.2%	9.5%	8.5%	7.9%
Wage and Salary Employment: [(2)]					
Agriculture	48,800	47,300	46,900	46,500	41,500
Mining and Logging	300	300	300	300	300
Construction	13,900	15,000	16,000	17,300	18,300
Manufacturing	23,900	25,300	25,200	25,700	25,300
Wholesale Trade	13,700	13,800	14,300	14,400	14,100
Retail Trade	36,300	37,400	38,500	38,700	38,600
Information	3,900	3,900	3,800	3,600	3,600
Financial and Insurance	8,400	8,500	8,700	8,800	9,200
Professional and Business Services	31,000	31,500	31,900	32,000	31,400
Educational and Health Services	57,000	60,400	64,300	67,800	69,500
Leisure and Hospitality	30,600	31,400	32,800	34,000	33,900
Other Services	11,200	11,500	11,700	11,700	12,100
Federal Government	9,800	9,600	9,800	9,800	11,000
State Government	11,400	11,900	12,100	12,400	12,800
Local Government	45,100	47,200	49,000	50,300	53,200
Total All Industries [(3)]	361,500	371,700	382,800	391,000	392,900

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

Major Employers

Employment in the City is traditionally centered around food processing, financial and service employees and the public sector. The following table lists the major employers within the County, listed alphabetically.

COUNTY OF FRESNO
Major Employers
As of May 2019

Employer Name	Location	Industry
Aetna	Fresno	Insurance
California State University	Fresno	Schools-Universities & Colleges Academic
California Teaching Fellows	Fresno	Schools-Universities & Colleges Academic
Community Medical Center	Fresno	Hospitals
Community Regional Med. Ctr.	Fresno	Hospitals
Foster Farms	Fresno	Poultry Farms
Fresno County Sheriff's Dept.	Fresno	Police Departments
Fresno Police Dept	Fresno	Police Departments
Kaiser Permanent Fresno Med.	Fresno	Hospitals
Lion Dehydrators	Selma	Dehydrating Service
Pelco-Schneider Electric	Fresno	Security Control Equip & Systems-Mfrs
Phebe Conley Art Gallery	Fresno	Art Galleries & Dealers
Pitman Family Farms	Sanger	Farms
Pleasant Valley State Prison	Coalinga	State Govt-Correctional Institutions
Shehadey Pavilion At St. Agnes	Fresno	Hospitals
St Agnes Medical Center	Fresno	Hospitals
Stamoules Produce Co.	Mendota	Fruits & Vegetables & Produce-Retail
State Center Community College	Fresno	Schools-Universities & Colleges Academic
Sun Maid Growers	Kingsburg	Fruits & Vegetables & Produce
Table Mountain Casino	Friant	Casinos
Taylor Communications	Fresno	Commercial Printing NEC (mfrs.)
US Veterans Medical Center	Fresno	Hospitals
Via West Insurance	Fresno	Insurance
Zacky Farms	Fresno	Poultry & Eggs NEC

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database.

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Effective Buying Income

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

The following table summarizes the median household effective buying income for the City, the County, the State, and the United States for the years 2015 through 2019.

CITY OF PARLIER, COUNTY OF FRESNO, THE STATE OF CALIFORNIA AND THE UNITED STATES EFFECTIVE BUYING INCOME As of January 1, 2015 through 2019

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	City of Parlier	$128,845	$31,347c
	County of Fresno	15,070,070	38,000
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	City of Parlier	$136,148	32,208
	County of Fresno	16,227,013	40,819
	California	981,231,666	53,589
	United States	7,757,960,399	46,839
2017	City of Parlier	$131,574	$30,466
	County of Fresno	16,706,632	41,237
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Parlier	$145,043	$32,120
	County of Fresno	18,128,509	44,641
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Parlier	$143,739	$31,027
	County of Fresno	19,290,618	46,028
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc.

Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first quarter of calendar year of 2018 in the City were reported to be $7,911,386, representing a 5.9% decrease from the total taxable sales of $8,408,625 reported during the first quarter of calendar year of 2017. Annual figures for 2018 are not yet available.

CITY OF PARLIER
Taxable Transactions – 2013 through 2017
(dollars in thousands)

	Retail Stores		**Total All Outlets**	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	85	$29,036	106	$36,348
2014	87	29,999	104	39,670
2015(1)	93	28,966	117	33,709
2016	97	29,382	123	34,207
2017	92	32,551	124	37,815

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales during the first quarter of calendar year of 2018 in the County were reported to be $3,552,773,101, representing a 5.6% increase over the total taxable sales of $3,364,822,076 reported during the first quarter of calendar year of 2017. Annual figures for 2018 are not yet available.

FRESNO COUNTY
Annual Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		**Total All Outlets**	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2012	12,670	$8,164,919	19,164	$12,020,630
2013	12,047	8,597,480	18,112	12,618,111
2014	12,268	8,998,182	18,304	13,328,511
2015(1)	7,298	9,247,617	20,242	14,080,800
2016	13,128	9,567,618	20,530	14,073,246
2017	13,166	9,943,017	20,655	14,631,309

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

Construction Activity

Building permit activity for the City and the County are shown in the following tables for the years 2013 through 2017. Figures are not yet available for years 2018 or 2019.

CITY OF PARLIER
Total Building Permit Valuations
(Valuations in Thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$5,003.2	110.6	1,756.8	2,587.4	$2,335.2
New Multi-family	0.0	7,115.1	0.0	0.0	0.0
Res. Alterations/Additions	91.9	456.2	2,204.3	325.8	396.3
Total Residential	5,095.1	7,681.9	3,961.1	2,913.2	2,731.5
New Commercial	0.0	0.0	396.0	15.0	1,913.8
New Industrial	1,576.6	16.4	0.0	0.0	0.0
New Other	0.0	812.2	21.7	28.0	104.8
Com. Alterations/Additions	1,128.8	111.6	1,346.1	641.2	311.3
Total Nonresidential	2,705.3	940.2	1,763.8	684.2	2,329.9
New Dwelling Units					
Single Family	48	1	16	24	21
Multiple Family	0	25	0	0	0
TOTAL	48	26	16	24	21

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF FRESNO
Total Building Permit Valuations
(Valuations in Thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$622,066.8	$388,564.8	$580,986.1	$689,016.6	$512,951.0
New Multi-family	66,027.4	43,654.0	34,183.5	52,363.2	131,175.3
Res. Alterations/Additions	30,063.8	35,354.2	31,800.5	30,648.8	29,478.7
Total Residential	$718,158.0	$467,573.0	$646,970.1	$772,028.6	$673,605.0
New Commercial	$129,117.6	$98,770.4	$210,280.3	$184,408.2	$201,676.5
New Industrial	20,967.0	21,368.5	8,359.4	14,895.8	14,087.9
New Other	49,089.1	49,382.5	121,042.6	147,642.2	68,383.0
Com. Alterations/Additions	77,977.8	70,566.8	88,609.5	80,745.4	69,202.2
Total Nonresidential	$277,151.5	$240,088.2	$428,291.8	$427,691.6	$353,349.6
New Dwelling Units					
Single Family	2,310	1,140	2,153	2,559	1,886
Multiple Family	773	539	343	339	1,135
TOTAL	3,083	1,949	2,496	2,898	3,021

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

Two major railroads, a modern system of highways and a growing airport complex have contributed to the industrial, commercial and residential growth of the County. Burlington Northern Santa Fe and Union Pacific provide main line rail freight service to the area. Amtrak has passenger service daily. Fresno Yosemite International Airport in the City of Fresno provides regularly scheduled passenger and freight service to major metropolitan centers in the nation. Fresno-Chandler Executive Airport, also in the City of Fresno, can accommodate approximately 297 general aircraft with approximately 231 currently based at the facility.

State Highway 99 is a north-south artery that passes through the heart of the County and the San Joaquin Valley, connecting many of the Valley's major cities. Interstate Highway 5 runs in a north-south direction through the western part of the County and the San Joaquin Valley. Both State Highway 99 and Interstate Highway 5 are major north-south routes between Los Angeles, San Francisco and Sacramento. State Routes 41,168 and 180 serve the Fresno metropolitan area and connect it to the eastern and western parts of the County. The deepwater Port of Stockton is located 122 miles north of Fresno on Interstate Highway 5.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

August 1, 2019

Board of Trustees
Parlier Unified School District
900 Newmark Avenue
Parlier, California 93648

OPINION: $3,100,000 Parlier Unified School District (Fresno County, California) General Obligation Bonds Election of 2018, Series A (Bank Qualified)

Members of the Board of Trustees:
Ladies and Gentlemen:

We have acted as bond counsel to the Parlier Unified School District (the "District") in connection with the issuance by the District of its Parlier Unified School District (Fresno County, California) General Obligation Bonds, Election of 2018, Series A (Bank Qualified) in the aggregate principal amount of $3,100,000 (the "Bonds"). The Bonds have been authorized to be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and Resolution No. 01-19/20 adopted by the Board of Trustees of the District (the "Board") on July 9, 2019 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

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

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

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

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

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Fresno is obligated to levy *ad valorem* taxes

for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. In addition, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to the portion of the Bonds designated as and comprising interest.

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

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

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

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

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

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$3,100,000
PARLIER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Parlier Unified School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on July 9, 2019 (the "**Resolution**"). U.S. Bank National Association is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

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

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

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

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently June 30th), or March 31.

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

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

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

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

"*Paying Agent*" means U.S. Bank National Association, Los Angeles, California, or any successor thereto.

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

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

Section 3. Provision of Annual Reports.

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

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

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

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

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

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

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

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) The District's adopted Budget;

(ii) Assessed value of taxable property in the jurisdiction of the District as shown on the most recent equalized assessment roll;

(iii) Changes, if any, in the operation of Fresno County's Teeter Plan affecting the District;

(iv) Changes, if any, in the operation of Fresno County Investment Pool which would affect the District's access to property taxes used to pay debt service on the Bonds;

(v) Property tax collection delinquencies for the District, for the most recently completed Fiscal Year, if the District is no longer a participant in Fresno County's Teeter Plan; and

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

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

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

(1) Principal and interest payment delinquencies.

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

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

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

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

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

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

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

(9) Defeasances.

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

(11) Rating changes.

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

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

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

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

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

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above 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 under the Bond Resolution.

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

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

(e) The District intends the words identified in subparagraphs (a)(15) and (a)(16) under this Section 5, and the term “financial obligation” used therein, to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018 and/or any future guidance or releases provided by the Securities and Exchange Commission. The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule and a continuing disclosure undertaking has been entered into.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Date: August 1, 2019

PARLIER UNIFIED SCHOOL DISTRICT

By: ______________________________

Name: _________________________________

Title: __________________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Parlier Unified School District (the "District")
Name of Bond Issue:	$3,100,000 Parlier Unified School District General Obligation Bonds, Election of 2018, Series A (Bank Qualified)
Date of Issuance:	August 1, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated August 1, 2019. The District anticipates that the Annual Report will be filed by _____________.

Dated:__________________

DISSEMINATION AGENT:

By: __________________________
Its: __________________________

cc: District and Participating Underwriter

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

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

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

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series A Bonds, (b) Bonds representing ownership interest in or other confirmation of ownership interest in the Series A Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series A Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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APPENDIX G

FRESNO COUNTY INVESTMENT POLICY AND RECENT INVESTMENT REPORT

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Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

County of Fresno Treasury Investment Pool

INVESTMENT POLICY

Established: 1984

Current Revision: December 4, 2018

(559) 600-3496
Room 105
Hall of Records
2281 Tulare Street
Fresno, California 93721

COUNTY OF FRESNO
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR
TREASURY INVESTMENT POOL

INVESTMENT POLICY

TABLE OF CONTENTS

COUNTY OF FRESNO
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR
TREASURY INVESTMENT POOL

INVESTMENT POLICY

1.0 Purpose

The Auditor-Controller/Treasurer-Tax Collector's policy is to invest public funds in a manner that will provide a market average rate of return consistent with the objectives included in this Investment Policy while meeting the daily cash flow demands of the County Treasury, and conform to all applicable state laws governing the investment of public funds.

Investments differing from this policy shall be made only in circumstances where market timing or economic trends indicate such investments are beneficial. Such investments must comply with all applicable laws and may only be made with written approval by the Auditor-Controller/Treasurer-Tax Collector.

2.0 Scope

This Investment Policy applies to all financial assets deposited and retained in the County of Fresno Treasury Investment Pool.

3.0 Objective

The primary objectives, in priority order, of the County of Fresno's investment activities shall be the following:

3.1 Legality. Investments shall only be made in securities legally permissible by the California Government Code(GC), Sections 53635, 53635.2 et. al. In recognition of a rapidly changing and expanding marketplace, new concepts or securities shall be reviewed for compliance and possible consideration. Legality issues shall be resolved with County Counsel.

3.2 Safety. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. Investments should be made in securities of high quality to avoid credit risk and loss of principal.

3.3 Liquidity. The investment portfolio should remain sufficiently liquid to enable the Treasury Investment Pool to meet all operating requirements which might be reasonably anticipated or respond to opportunities for investments arising from changing market conditions.

3.4 Return on Investment. The investment portfolio shall be designed with the objective of attaining the highest interest revenue, taking into consideration the objectives of this Investment Policy and the cash flow characteristics of the portfolio.

3.5 Local Community Reinvestment. When it is in the best interest of the investment portfolio, and within the confines of other objectives enumerated in this Investment Policy, the Auditor-Controller/Treasurer-Tax Collector may give preference to local investment opportunities.

4.0 Delegation of Authority

The authority of the Board of Supervisors to delegate management responsibility for the County of Fresno Treasury Investment Pool is derived from GC 53607. Investment authority, in accordance with this provision, has been delegated to the Auditor-Controller/Treasurer-Tax Collector. The original delegation is in the Ordinance Code of the County of Fresno, Section 2.20.080 and is subject to annual renewal by the Board of Supervisors. The Auditor-Controller/Treasurer-Tax Collector shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions (GC 53607).

No person may engage in an investment transaction for the Treasury Investment Pool except as provided under the terms of this policy and the procedures established by the Auditor-Controller/Treasurer-Tax Collector. The Auditor-Controller/Treasurer-Tax Collector shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff.

The County of Fresno Treasury Oversight Committee shall annually review and monitor the Investment Policy. The County of Fresno Treasury Oversight Committee shall also cause an annual audit to determine the Auditor-Controller/ Treasurer-Tax Collector's compliance with the Investment Policy. The cost of the audit shall be considered an administrative cost of investing. Audit Reports are available to participants of the Treasury Investment Pool upon request (GC 27133, 27134 and 27135).

5.0 **Ethics and Conflict of Interest**

The Auditor-Controller/Treasurer-Tax Collector, the County of Fresno Treasury Oversight Committee and staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers or other persons with whom the County Treasury conducts business by any member of the County of Fresno Treasury Oversight Committee shall require the completion of an annual Statement of Economic Interests by each member to be filed with the member's respective agency. This policy sets a $470 per current filing limit on the amount of honoraria, gifts and gratuities that a committee member may receive from a single source in a calendar year.

6.0 **Prudence**

Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, and not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

6.1 The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk of market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

7.0 **Borrowing for Purposes of Making Investments**

The Fresno County Auditor-Controller/Treasurer-Tax Collector is prohibited from the practice of borrowing for the sole purpose of making investments.

8.0 **Authorized Investments and Limits**

The following securities are authorized investments for the County of Fresno Treasury Investment Pool. Securities shall be valued at amortized cost when determining their percentage to the money in the County of Fresno Treasury Investment Pool. Additions or deviations from this list, in addition to being permissible under the Government Code, require approval by the Auditor-

Controller/ Treasurer-Tax Collector. Investments not expressly authorized by law are prohibited.
The Auditor-Controller/Treasurer-Tax Collector interprets the authorized investment limits to be based upon the portfolio allocation at the time a security is purchased. The portfolio allocation may temporarily fall outside of these limits due to maturities and fluctuations in the size of the pool after the purchase of a security. Additionally, the applicable credit ratings are interpreted to be based upon the rating at the time the security is purchased.

8.1 United States Treasury Bills, Notes, Certificates of Indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

8.2 Obligations issued by Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Mortgage Company, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in obligations, participations, or other instruments of or issued by a federal agency or a United States Government-sponsored enterprise

8.3 Bills of Exchange or Time Drafts drawn on and accepted by a commercial bank, otherwise known as Bankers Acceptances, both domestic and foreign, which are eligible for purchase by the Federal Reserve System. Any investment in Bankers Acceptances shall be restricted to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt rating is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical-rating service.

Purchases of Bankers Acceptances may not exceed 180 days maturity or 40 percent of the money in the Treasury Investment Pool.

8.4 Commercial Paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc., or Standard and Poor's (P-1; A-1). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and having an "A" or higher rating for the issuer's other outstanding debentures by Standard and Poor's, or its equivalent or better ranking by a nationally recognized statistical-rating service and a maximum maturity limit of 270 days.

Additionally GC 53635 limits the assets held by the Treasury Investment Pool in any single issuer to 10 percent and the total Commercial Paper investments may not exceed 40 percent of the total assets in the Treasury Investment Pool.

8.5 Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, savings association, federal association, or state-licensed branch of a foreign bank. Any investment is to be restricted to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt rating is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher rating as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments.

Investments in Negotiable Certificates of Deposit (in combination with section 8.6.1) may not exceed 30 percent of the money in the Treasury Investment Pool. No more than 5 percent of the money shall be invested in any one institution.

8.6 Non-negotiable Time Certificates of Deposit issued by a nationally or state-chartered bank, savings association or federal association (GC 53601 (n)). Unless fully covered by FDIC insurance, including the interest earned, these investments require full collateralization with government securities totaling 110 percent or mortgages totaling 150 percent of the principal amount (GC 53652). Any investment is to be restricted to those institutions whose short term rating is of prime quality of the highest ranking as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments. Any investment will require the approval and execution of a Contract for Deposit by the Auditor-Controller/Treasurer-Tax Collector.

Investments in Non-negotiable Time Certificates of Deposit may not exceed 50 percent of the money in the Treasury Investment Pool. No more than 15 percent of the money shall be invested in any one institution.

8.6.1 Investments in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit. Investments will be made in compliance with GC 53635.8. Investments shall be initially placed with a nationally or state-chartered commercial bank, savings bank, savings and loan association or a credit union in this state, which shall be known as the selected depository institution. Any investment will require the approval and execution of a Deposit Placement Agreement by the Auditor-

Controller/Treasurer-Tax Collector. Combined purchases under sections 8.5 and 8.6.1 shall not exceed 30 percent of the portfolio. Additionally, purchases under 8.6.1 shall not exceed 15 percent of the portfolio.

8.7 Investments in Repurchase Agreements representing United States Treasury Securities, United States Agency discount and coupon securities, domestic and foreign Banker's Acceptances, commercial paper, and domestic bank/savings associations or federal associations Negotiable Certificates of Deposit.

Investments shall be made only after the execution of a Repurchase and Custody Agreement (Tri-Party Agreement) between the County or the investment manager (if under contract), the dealer and the Custodian. Investments will consist of overnight Repurchase Agreements, which include weekend placements and maturities; however, securities with longer maturities may be used as collateral for these Agreements. (GC 53635.2)

Excluding circumstances of market-timing and known cash demands, investments in Repurchase Agreements shall be limited to not more than 15 percent of the money in the Treasury Investment Pool. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against these securities. Any exceptions to the maturity or investment amount provisions will require written approval by the Auditor-Controller/Treasurer-Tax Collector.

8.8 Medium-term Notes with a maximum remaining maturity of five years or less issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or higher, by Standard and Poor's Corporation, or its equivalent or better by a nationally recognized rating service

Investments in Medium-term Notes may not exceed 30 percent of the money in the Treasury Investment Pool.

8.9 Investment of funds in the Local Agency Investment Fund (LAIF) created by law, which the State Treasurer invests through the Pooled Money Investment Account. Money invested in LAIF is available for overnight liquidity; however, it is also subject to a limited number of transactions per month. Money shall be placed in LAIF as alternative liquid investments under the guidelines of this policy pertaining to yield. The County may invest up to the maximum amount permitted by LAIF, not to exceed 10 percent of the portfolio. The Auditor-Controller/ Treasurer-Tax Collector may invest any portion of debt proceeds in the LAIF.

8.10 Shares of beneficial interest issued by diversified management companies, otherwise known as Mutual Funds, investing in the securities and obligations as authorized by the GC 53601 et. seq.

To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the Securities and Exchange Commission with at least five years of experience investing in the securities authorized by the GC sections noted above and with assets under management in excess of $500,000,000.

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of $500,000,000 (GC 53601).

Investment in Mutual Funds shall not include the payment of any commission that these companies may charge and may not exceed 20 percent of the surplus funds in the Treasury Investment Pool. Only 10 percent of the surplus funds may be invested in any one mutual fund (GC 53601, 53635.2).

8.11 Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond of a maximum of five years maturity. Securities eligible for investment shall be rated "AA" or its equivalent or better by a nationally recognized rating service.

Investments in these securities may not exceed 10 percent of the funds in the Treasury Investment Pool.

8.12 Bond proceeds may be invested in accordance with the Government Code provisions, or they may be invested in alternative vehicles if authorized by bond documents (GC 53635.2 and California Debt and Investment Advisory Commission (CDIAC) Local Agency Investment Guidelines).

8.13 External Investment Managers. The Auditor-Controller/Treasurer-Tax Collector may contract with external investment managers to provide investment management services. These managers may be hired to invest funds not needed for liquidity and to increase the rate of return of the pool by employing an active investment strategy. The external investment manager is allowed to make specific investment decisions within the framework of this investment policy.

External investment managers are required to provide timely transaction documentation and investment reports to ensure that the manager's actions comply with the requirements of the law and this investment policy. External investment managers shall remit, at least quarterly, the interest earnings to the Pool to allow these earnings to be apportioned to the pool participants.

Selection of External Investment Managers is subject to section 13.0 of this investment policy. Additionally, after selection, the manager's performance shall be reviewed against the agreed upon benchmark.

8.14 Registered state warrants or treasury notes or bonds of the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

Investments in these securities may not exceed 10 percent of the surplus funds in the Treasury Investment Pool.

9.0 Selection of Investments

Investments, with the exception of California registered state warrants in section 8.14, above, shall only be made following a minimum of three competitive comparisons with offerings documented and retained for each type of investment.

10.0 Diversification

The Treasury Investment Pool shall be diversified by security type and institution.

11.0 Maximum Maturities

To the extent possible, investments shall be made to match anticipated cash requirements. Unless matched to a specific cash flow, normal investments will be in securities such that the average weighted maturity of the Treasury Investment Pool shall not exceed 3.5 years. Proceeds of sales or funds set aside for the repayment of any notes issued for temporary borrowing purposes shall not be invested for a term that exceeds the term of the notes.

12.0 **Selling Securities Prior to Maturity**

Securities purchased shall normally be held until maturity. Occasionally, opportunities will exist to sell securities prior to maturity and purchase other securities (swap/trade). Securities that are no longer in compliance with this Investment Policy may be sold prior to maturity. Securities may also be sold in order to maintain the liquidity of the Treasury Investment Pool.

13.0 **Authorized Financial Dealers and Institutions**

The Auditor-Controller/Treasurer-Tax Collector shall maintain a list of financial institutions authorized to provide investment services. In addition, a list shall also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15c3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following: audited financial statements, proof of Financial Industry Regulatory Authority membership, trading resolution, proof of state registration, completed broker-dealer questionnaire, certification of having read the County's Investment Policy, and if applicable, depository contracts. Broker-dealers are evaluated and selected based upon criteria that include: organization experience and credibility, individual broker-dealer qualifications, compliance, product inventory, and economic research.

An annual review of the financial conditions and registrations of selected brokers shall be conducted by the Auditor-Controller/Treasurer-Tax Collector. A current audited financial statement is required to be on file for each authorized financial institution and broker-dealer.

Investment managers are evaluated and selected based upon criteria that include: organization experience and credibility, staff experience, compliance, and performance.

The selection of any broker, brokerage firm, dealer or securities firm that has, within any consecutive 48 month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Auditor-Controller/ Treasurer-Tax Collector or member of the Board of Supervisors or any candidate for those offices is prohibited. The County will, to the best of its ability, monitor and comply with this requirement.

14.0 Confirmation

Receipts for confirmation of purchase of authorized securities should include the following information: trade date, par value, maturity, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, and third party custodian information. Confirmation of all investment transactions should be received by the Auditor-Controller/Treasurer-Tax Collector within five business days of the transaction.

15.0 Safekeeping and Custody

Investments, excluding Non-negotiable Time Certificates of Deposit, Repurchase Agreements and investments that are under the management of contracted parties, shall be held in custody with the Service Bank or its correspondent or other institutions approved by the Auditor-Controller/Treasurer-Tax Collector. Investments in Repurchase Agreements shall be held in custody by the Custodian to the Tri-Party Agreement.

16.0 Performance Standards

The investment portfolio shall be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account investment risk constraints and cash flow needs.

16.1 Market yield benchmark. The investment strategy is passive. Given this strategy, the basis used by the Auditor-Controller/Treasurer-Tax Collector to determine whether market yields are being achieved shall be the one-year U.S. Treasury note rate.

17.0 Administrative Cost of Investing

The Auditor-Controller/Treasurer-Tax Collector may deduct actual administrative costs associated with investing, depositing, banking, auditing, reporting, or otherwise handling or managing of funds. The administrative costs shall be segregated and deducted from the interest earnings of the Treasury Pool each quarter prior to the distribution of interest earnings.

18.0 Credit of Interest Earnings

Interest shall be credited based on the average daily cash balance of money on deposit in the County Treasury for the calendar quarter and shall be paid quarterly.

19.0 Local Agency Deposit of Excess Funds

The County Auditor-Controller/Treasurer-Tax Collector is authorized to accept deposits of excess funds from local agencies within Fresno County pursuant to Resolution 98-354 and in accordance with Government Code section 53684. Such deposits will be accepted, if at all, subject to the terms and conditions of a written agreement between the depositing agency and the Auditor-Controller/Treasurer-Tax Collector. In deciding whether to accept such deposits, the Auditor-Controller/ Treasurer-Tax Collector considers factors that may include, but are not limited to, the objectives of this policy, the potential effect of such deposits on the volatility of the investment portfolio, the human resources available to conduct investment activities, and the best interests of current depositors.

20.0 Withdrawal of Funds from the Treasury Pool

The withdrawal of funds by any depositor/participant in the County of Fresno Treasury Investment Pool shall not adversely affect the interests of the other depositors/participants in the County of Fresno Treasury Investment Pool. All withdrawals that are not considered as funds being utilized for operations shall be presented to the Auditor-Controller/Treasurer-Tax Collector for review and approval. The Auditor-Controller/ Treasurer-Tax Collector shall perform an assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the Treasury Investment Pool as is required by GC 27136 and 27133. Prior to the approving a withdrawal, the Auditor-Controller/ Treasurer-Tax Collector shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the Treasury Investment Pool. All requests for withdrawals shall be considered in order of receipt and shall in no way affect the ability of the Auditor-Controller/Treasurer-Tax Collector to meet the pool's expenditure requirements.

If the assessment of the effect of the proposed withdrawal does not negatively impact the stability and predictability of the investments and the interests of other depositors, the Auditor-Controller/Treasurer-Tax Collector may authorize a total or partial withdrawal of funds from the Treasury Pool. A total withdrawal of funds from the County of Fresno Treasury Investment Pool by a participant requires a 30 day written notice to the Auditor-Controller/Treasurer-Tax Collector. Withdrawals involving less than the participant's total funds (other than for operational needs) are subject to all of the following constraints:

- each withdrawal shall be limited to a maximum of $5,000,000

- no more than two withdrawals of a non-operational purpose are allowed per 30 day period

- at least ten days must lapse before the second withdrawal in any 30 day period will be considered by the Auditor-Controller/Treasurer-Tax Collector

- each withdrawal shall be submitted to the Auditor-Controller/Treasurer-Tax Collector at least 2 business days prior to the date of withdrawal

The Auditor-Controller/Treasurer-Tax Collector shall be notified of normal operating expenditures or disbursements in excess of $1,000,000 as early as possible, preferably three business days in advance of disbursement, in order to adjust the cash position to meet disbursement requirements.

21.0 Reporting

The Auditor-Controller/Treasurer-Tax Collector shall provide the Board of Supervisors with a monthly inventory report and a monthly transaction report of the Treasury Investment Pool. The Auditor-Controller/ Treasurer-Tax Collector shall provide a quarterly investment report to the Board of Supervisors, the County Administrative Officer and the County of Fresno Treasury Oversight Committee. The quarterly report shall be submitted within 30 days following the end of the quarter covered by the report. Monthly inventory reports and quarterly investment reports are available to participants of the pool upon request (GC 53646).

22.0 Internal Control

As part of the County of Fresno's annual independent audit, the investment program shall be reviewed for appropriate internal controls that provide assurance of compliance with policies and procedures.

23.0 Investment Policy Review

This Investment Policy shall be reviewed on an annual basis by the Auditor-Controller/Treasurer-Tax Collector and rendered annually to the Board of Supervisors and the County of Fresno Treasury Oversight Committee, which consists of the following members:

- The County Auditor-Controller/Treasurer-Tax Collector
- A representative appointed by the County Board of Supervisors
- The County Superintendent of Schools or designee
- A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County

- A representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the County that are required or authorized to deposit funds in the County treasury

The Board of Supervisors shall accept and approve the investment policy and any changes thereto at a public meeting (GC 27133, 53646).

24.0 **Disaster/Business Continuity Plan**

The County of Fresno Treasurer's banking and investment functions are critical to the function of Treasury Investment Pool and therefore must have a continuity plan to guide operations in the event of a disaster or business interruption.

The objective of the Disaster/Business Continuity Plan is to protect and account for all funds on deposit with the county treasurer and to be able to continue banking and investment functions for all participants in the event of an occurrence; i.e. earthquake, fire, flood, or some other event, which disrupts normal operations. The Plan provides for the ability to perform banking and investment functions at an off-site location under less than optimal conditions.

Approved

Oscar J. Garcia

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

12-4-18
Date

APPENDIX A

Permitted Investments/Deposits	Government Code Limits %	Investment Policy Limits %	Investment Policy Term Limit	Minimum Rating
Securities of the U.S. Government	No Limit	No Limit	5 years	N/A
Securities issued by United States Government Sponsored Enterprises	No Limit	No Limit	5 years	N/A
Bankers Acceptances (1)	40%	40%	180 days	N/A
Commercial Paper	40%	40%	270 days	P-1, A-1
Negotiable Certificates of Deposit (2)	30%	30%	13 months	P-1, or A-1 or 4 Star
Non-negotiable Certificates of Deposit (2)	No Limit	50%	13 months	P-1 or A-1 or 4 Star
Account Registry Service Deposits (2)	30%	15%	13 months	N/A
Repurchase Agreements	No Limit	15%	Overnight/Weekend	N/A
Medium Term Notes	30%	30%	5 years	A
LAIF (3)	No Limit	10%	5 years	N/A
Mutual Funds (4)	20%	20%	5 years	AAA,Aaa
Mortgage-Backed Securities	20%	10%	5 years	AA
State of California Debt	No Limit	10%	5 years	N/A

APPENDIX A
(Continued)

(1) Investment policy limits any investment in bankers acceptances to the top 150 world banks as determined by their total assets and limited to those institutions in this group whose short term debt is of prime quality and of the highest ranking as provided for by Moody's or Standard and Poor's (P-1, A-1).

(2) Banks, savings associations or federal associations having a "4 Star" or higher rating as provided by Bauer Financial, Inc. or a comparable rating service. For negotiable certificates of deposit, no more than 5 percent of the money shall be invested in any one institution. Negotiable certificates of deposit and account registry service deposits combined shall not exceed 30% of the portfolio. For non-negotiable certificates of deposit, no more than 15 percent of the money shall be invested in any one institution.

(3) LAIF Board of Directors currently limits the investment to $65,000,000, excluding bond and note proceeds. Government Code does not place a percentage limit on the amount of money that may be invested in LAIF.

(4) Diversified management companies investing in the securities and obligations as authorized by California Government Code, Sections 53601, et seq., shall either (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the SEC with at least five years of experience investing in the securities authorized by code sections noted in the policy and with assets under management in excess of $500,000,000.

Diversified management companies issuing shares of beneficial interest that are money market funds registered with the Securities and Exchange Commission (SEC) under the Investment Act of 1940 shall either (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the SEC with not less than five years of experience managing money market mutual funds with assets under management in excess of $500,000,000. Only 10 percent of the money may be invested in any one mutual fund.

APPENDIX B

RATING SUMMARY

RATING SERVICE	RATING CATEGORY	RATING DEFINITION
Moody's	Aaa	Best Quality
	Aa	High Quality
	A	Upper-medium grade
	Baa	Medium grade obligations
	Ba	Judged to have speculative elements
	B	Lack characteristics of desirable investment
	Caa	Investment in poor standing
	Ca	Speculative in a high degree
	C	Poor prospect of attaining investment standing
Moody's Modifiers	1,2,and 3	Rankings within rating category
Moody's Commercial Paper	Prime-1	Superior ability for repayment
	Prime-2	Strong ability for repayment
	Prime-3	Acceptable ability for repayment
	Not Prime	Do not fall in top 3 rating categories
Standard & Poors	AAA	Highest Rating
	AA	Strong capacity for repayment
	A	Strong capacity for repayment but less than AA category
	BBB	Adequate capacity for repayment
	BB	Speculative
	B	Greater vulnerability to default than BB category
	CCC	Identifiable vulnerability to default
	CC	Subordinated debt of issues ranked in CCC category
	C	Subordinated debt of issues ranked in CCC category
	CI	Income bonds where no interest is paid
	D	Default
Standard & Poors – Modifiers	(+) or (-)	Rankings within rating category
Standard & Poors – Commercial	A-1	Highest degree of safety
	A-2	Timely repayment characteristics is satisfactory
	A-3	Adequate capacity for repayment
	B	Speculative
	C	Doubtful repayment
	D	Default

APPENDIX B
(Continued)

RATING SUMMARY

RATING SERVICE		RATING CATEGORY	RATING DEFINITION
Fitch		AAA	Highest credit quality
		AA	Very high credit quality
		A	High credit quality
		BBB	Good credit quality
		BB	Speculative
		B	High speculative
		CCC, CC, C	High default risk
		DDD, DD, D	Default
Fitch	Modifiers	"+" or "-	Relative status within rating categories
Fitch	Commercial Paper	F1	Highest credit quality
		F2	Good credit quality
		F3	Fair credit quality
		B	Speculative
		C	High default risk
		D	Default
Bauer		5 Star	Superior
		4 Star	Excellent
		3 ½ Star	Good
		3 Star	Adequate
		2 Star	Problematic
		1 Star	Troubled
		Zero	Our lowest star rating

APPENDIX C

Glossary of Cash Management Terms

The following is a glossary of key investing terms, many of which appear in County of Fresno Treasury Investment Policy. This glossary has been adapted from the Government Finance Officers Association (GFOA) sample investment policy.

Accrued Interest - The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization - The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Average Life - The average length of time that an issue of serial bonds term bonds, or both, with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance – A draft or bill or exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

Basis Point - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., 1/4 of 1 percent is equal to 25 basis points.

Bid - The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value - The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Callable Bond - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk - The risk to a bondholder that a bond may be redeemed prior to maturity.

Cash Sale/Purchase - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

APPENDIX C
(Continued)

Certificate of Deposit (CD) – A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period.

Certificate of Deposit Account Registry System (CDARS) – A private CD placement service that allows local agencies to purchase more than $100,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $100,000 each, so that FDIC coverage is maintained.

Collateralization - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan security, or both.

Commercial Paper - An unsecured short-term promissory note issued, with maturities ranging from 1 to 270 days.

Convexity - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Coupon Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

Credit Quality - The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit Risk - The risk to an investor that an issuer will default in the payment of interest principal on a security, or both.

Current Yield (Current Return) - A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Delivery Versus Payment (DVP) - A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Discount - The amount by which the par value of a security exceeds the price paid for the security.

Diversification - A process of investing assets among a range of security types by sector, maturity, and quality rating.

Fair Value - The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal Funds (Fed Funds) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate - Interest rate charged by one institution lending federal funds to the other.

Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms in the United States.

Government Securities - An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

Interest Rate - See "Coupon Rate."

Interest Rate Risk - The risk associated with declines or rises in interest rates which cause in investment in a fixed-income security to increase or decrease in value.

Inverted Yield Curve - A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Company Act of 1940- Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Investment-grade Obligations - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Liquidity - An asset that can be converted easily and quickly into cash without significant loss of value.

Local Agency Investment Fund – A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

Local Government Investment Pool (LGIP) - An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-market - The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

APPENDIX C
(Continued)

Market Risk - The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value - Current market price of a security.

Maturity - The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

Medium-Term Note – Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in California Government Code) with a remaining maturity of five years or less.

Money Market Mutual Fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mortgage Backed Securities – Mortgage-backed securities (MBS) are created when a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interest or participations in the pool. MBS owners receive a prorate share of the interest and principal passed through from the pool of mortgages. Most MBS are issued guaranteed, or both, by federal agencies and instrumentalities.

Mortgage Pass-Through Obligations – Securities that are created when residential mortgages are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

Mutual Fund - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

APPENDIX C
(Continued)

Negotiable Certificates of Deposit – Short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, or state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

Net Asset Value - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.) [(Total assets) - (Liabilities)]/(Number of shares outstanding)

Nominal Yield - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

Non-negotiable Certificates of Deposit – CDs that carry a penalty if redeemed prior to maturity. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to $100,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral.

Offer - An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Par - Face value or principal value of a bond, typically $1,000 per bond.

Positive Yield Curve - A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium - The amount by which the price paid for a security exceeds the security's par value.

Principal - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

APPENDIX C
(Continued)

Regular Way Delivery - Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

Reinvestment Risk - The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

Repurchase Agreement (Repo or RP) - An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Reverse Repurchase Agreement (Reverse Repo) - An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule 2a-7 of the Investment Company Act - The Securities and Exchange Commission regulates money market funds in the United States and this rule restricts quality, maturity and diversity of investments by money market funds in an attempt to provide a safe, liquid alternative to bank deposits, while providing a higher yield.

Safekeeping - Holding of assets (e.g., securities) by a financial institution.

Swap - Trading one asset for another.

Term Bond - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Total Return - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

Treasury Bills - Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of $10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

APPENDIX C
(Continued)

Treasury Notes - Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from $1,000 to $1 million or more.

Treasury Bonds - Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of $1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Uniform Net Capital Rule - SEC Rule 15c3-1 outlining capital requirements for broker-dealers.

Volatility - A degree of fluctuation in the price and valuation of securities.

Weighted Average Maturity (WAM) - The dollar-weighted average maturity of all the securities that comprise a portfolio.

When Issued (WI) - A conditional transaction in which an authorized new security has not been issued. All "when issued" transactions are settled when the actual security is issued.

Yield - The current rate of return on an investment security generally expressed as a percentage of the security's current price.

Yield-to-call (YTC) - The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield Curve - A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-maturity - The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Zero-coupon Securities - Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

Quarterly Investment Report

As of March 31, 2019

P.O. Box 1247 | Fresno, CA 93715 | Telephone 559.600.3487 | investments@FresnoCountyCA.gov

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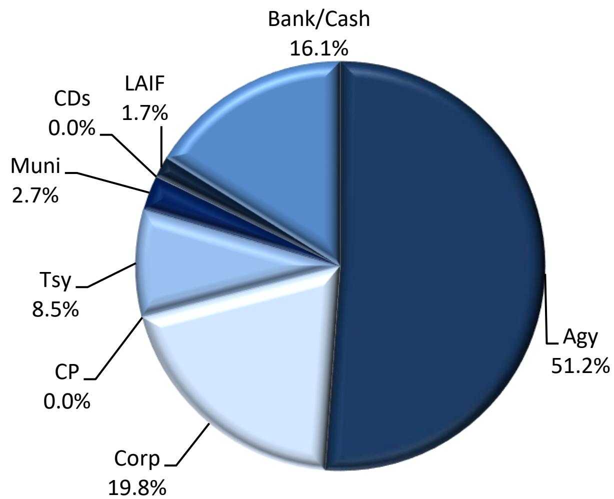
Portfolio Summary
3/31/2019

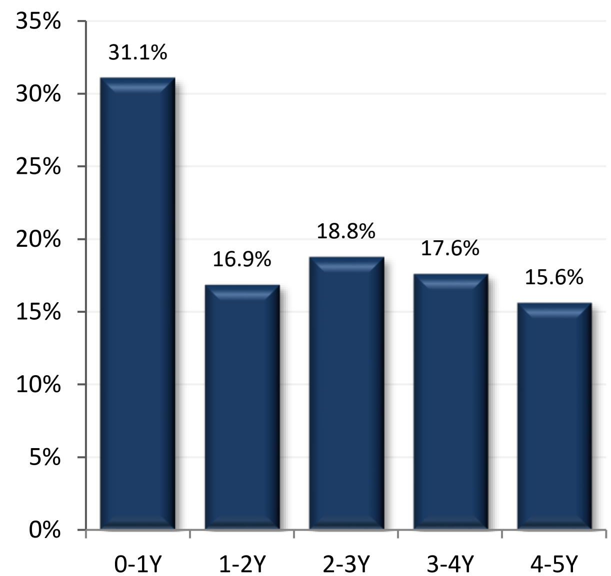
County of Fresno

SECTOR ALLOCATION



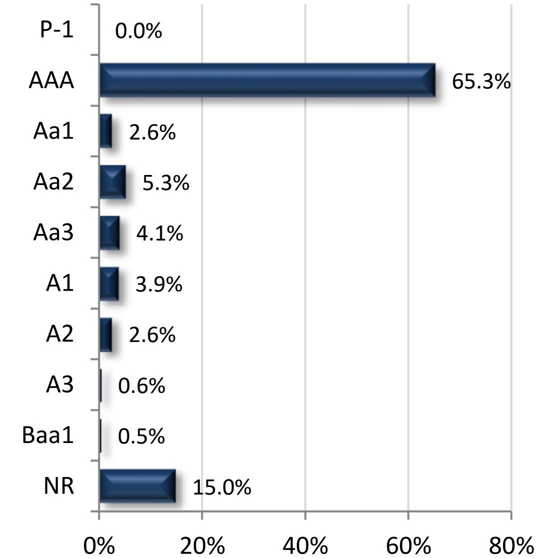
Per Book Value

MATURITY DISTRIBUTION



Per Book Value

CREDIT QUALITY (MOODY'S)



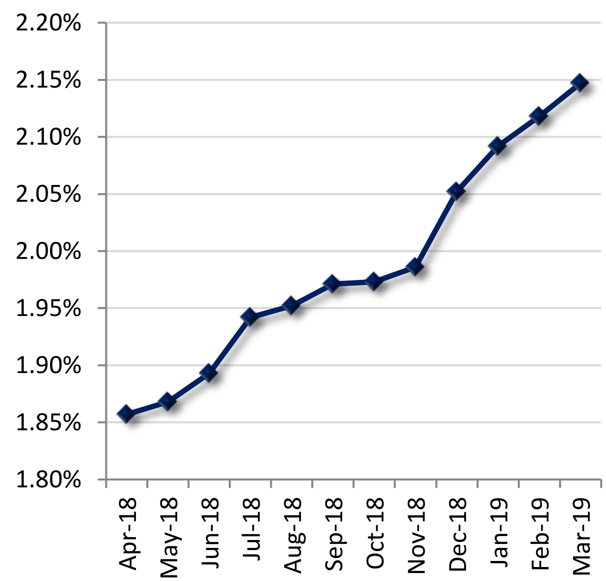
NR: Not Rated

ACCOUNT SUMMARY

	3/31/19	12/31/18
Market Value	$3,849,252,349	$3,770,988,770
Book Value*	$3,857,429,169	$3,808,681,373
Unrealized G/L	-$8,176,821	-$37,692,603
Par Value	$3,859,822,014	$3,810,724,704
Net Asset Value	$99.788	$99.010
Book Yield	2.15%	2.05%
Years to Maturity	2.06	1.98
Effective Duration	1.97	1.86

*Book Value is Amortized

PORTFOLIO BOOK YIELD HISTORY



TOP ISSUERS

Issuer	% Portfolio
FEDERAL HOME LOAN BANK	20.1%
FEDERAL NATIONAL MORTGAGE	16.7%
FEDERAL FARM CREDIT BANK	10.7%
BANK OF THE WEST MM	10.4%
US TREASURY NOTE	8.4%
FEDERAL HOME MORTGAGE CO	3.6%
FIDELITY 2642	2.9%
MICROSOFT	2.8%
US BANK NA	2.7%
STATE OF CALIFORNIA	2.7%
APPLE INC	2.6%
JP MORGAN	2.4%
CHEVRON CORP	2.3%
LAIF	1.7%
WELLS FARGO	1.7%

Per Book Value

FTN FINANCIAL
MAIN STREET ADVISORS
A Subsidiary of First Tennessee Bank National Association

Investment Policy Compliance
3/31/2019

County of Fresno

Item / Sector	Parameters	In Compliance	
11.0 Weighted Average Maturity	Weighted Average Maturity (WAM) must be less than 3.5 years.	Yes	2.06 Yrs
8.1 U.S. Treasuries	No sector limit, no issuer limit, max maturity 5 years.	Yes	8.5%
8.2 U.S. Agencies	No sector limit, no issuer limit, max maturity 5 years.	Yes	51.2%
8.3 Banker Acceptances	40% limit, Issue is eligible for purchase by Federal Reserve. Issuer is among 150 largest banks based on total asset size; max maturity 180 days; rated A-1 or P-1.	Yes	0.0%
8.4 Commercial Paper	40% limit, corporation organized and operating in the US with total assets of $500mm. 10% of issuer's CP / 10% in any one issuer; max maturity 270 days; minimum short-term rating of A-1 by S&P or P-1 by Moody's, minimum long-term rating of A by S&P or its equivalent or better ranking by a nationally recognized rating service.	Yes	0.0%
8.5 Negotiable CDs	30% limit (combined with 8.6.1), Issued by national or state chartered bank or savings assoc., or a state licensed branch of a foreign bank that is among 150 largest banks in total asset size; minimum short-term rating of P-1 or A-1 or issuer meets rating requirements; 5% in any one issuer, max maturity 13 months.	Yes	0.0%
8.6 Non-Negotiable CDs	50% limit, Issued by national or state chartered bank or savings association. FDIC insurance OR full collateralization of 110% government or 150% mortgages. Contract for Deposit in place. 15% in any one issuer; short-term rating is a minimum of A-1 by S&P or P-1 by Moody's, max maturity 13 months.	Yes	0.0%
8.6.1 Placement CDs	15% limit (30% combined with 8.5), Issued by national or state chartered bank or savings association or credit union that uses a placement entity. Deposit Placement Agreement in place.	Yes	0.0%
8.7 Repurchase Agreements	15% limit, Tri-party agreement in place. 102% collateralization of US treasuries or agencies, BAs, CP, Negotiable CD's; Overnight or weekend maturities.	Yes	0.0%
8.8 Medium-Term Notes	30% limit, organized and operating in the US or state licensed depository institution; max maturity 5 years; rated A or better by S&P, or its equivalent or better by a nationally recognized rating service.	Yes	19.8%
8.9 L.A.I.F	California State's deposit limit is $65 million; Current investment policy limit is not to exceed 10% of the portfolio.	Yes	$65 Mil

Investment Policy Compliance (Continued)
3/31/2019

Item / Sector	Parameters	In Compliance	
8.10 Mutual Funds/ Money Markets Funds	20% limit, 10% per issuer; Registered with SEC, 5 years experience, $500mm AUM or rated by AAA-m, Aaa-mf, AAA-m by not less than two nationally recognized rating agencies.	Yes	2.9%
8.11 ABS and MBS	10% limit combined. Security must be AA rated by one rating agency, with an A or better rating for the underlying, max maturity 5 years.	Yes	0.0%
8.12 Money Held from Pledged Assets	Invest according to statutory provision or according to entity providing issuance.	Yes	0.0%
8.13 External Managers	Invest per policy.	Yes	0.0%
8.14 State of California Debt	10% limit, Registered State warrants or CA treasury notes, including revenue producing entities controlled or operated by the State or by a department, board, agency, or authority of the State; 5 years max maturity.	Yes	2.7%
Cash & Bank Account	NA	NA	13.3%

Compliance

The Treasury Investment Pool is in compliance with the County of Fresno Treasury Investment Pool Investment Policy.
The Treasury Investment Pool contains sufficient cash flow to meet the expected expenditures for the next six months.

Review and Monitoring

FTN Financial Main Street Advisors, the County's investment advisor, currently monitors the Treasury Department's investment activities.

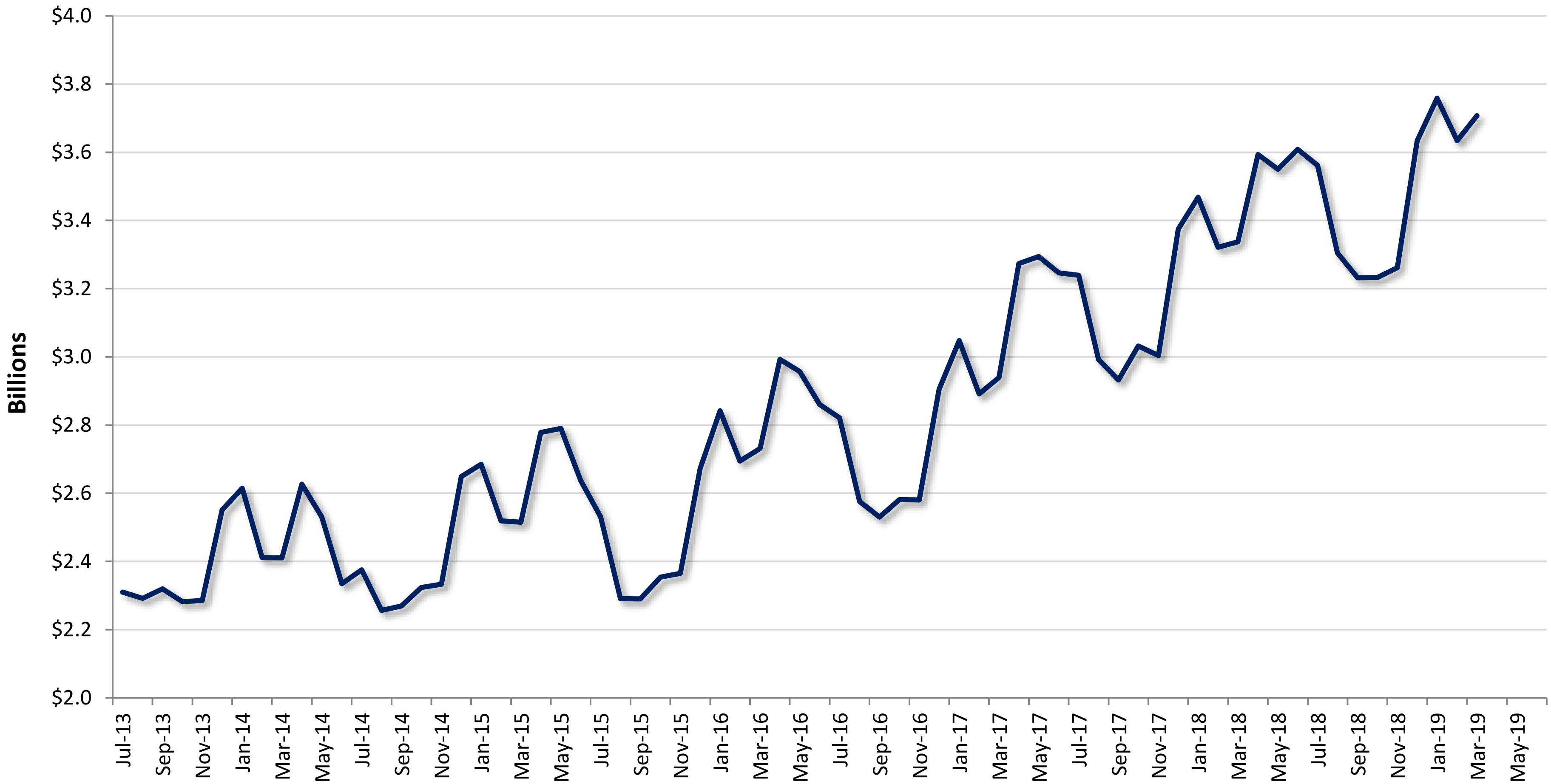
Additional Information

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

The market values of securities were taken from pricing services provided by Interactive Data Corporation.

Historical Book Values
3/31/2019

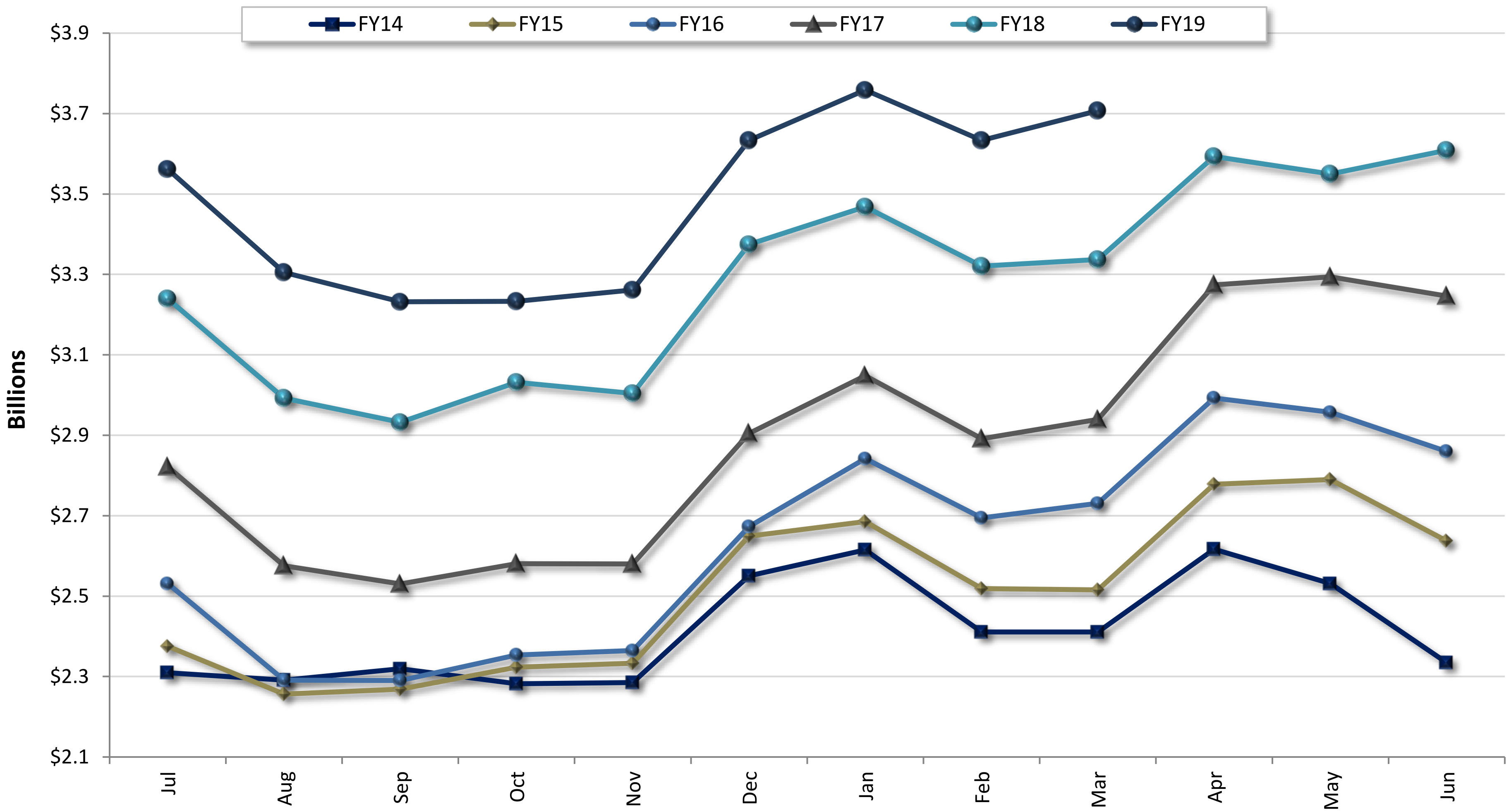
County of Fresno



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fiscal Year 2014	$2.310	$2.291	$2.319	$2.282	$2.285	$2.551	$2.615	$2.411	$2.411	$2.617	$2.531	$2.335
Fiscal Year 2015	$2.375	$2.256	$2.269	$2.323	$2.333	$2.649	$2.685	$2.519	$2.515	$2.778	$2.790	$2.637
Fiscal Year 2016	$2.531	$2.291	$2.290	$2.354	$2.365	$2.673	$2.842	$2.695	$2.731	$2.993	$2.957	$2.860
Fiscal Year 2017	$2.822	$2.576	$2.530	$2.581	$2.580	$2.905	$3.048	$2.891	$2.940	$3.274	$3.294	$3.247
Fiscal Year 2018	$3.240	$2.992	$2.932	$3.032	$3.004	$3.374	$3.468	$3.321	$3.337	$3.593	$3.550	$3.609
Fiscal Year 2019	$3.562	$3.305	$3.232	$3.233	$3.262	$3.634	$3.759	$3.634	$3.707			

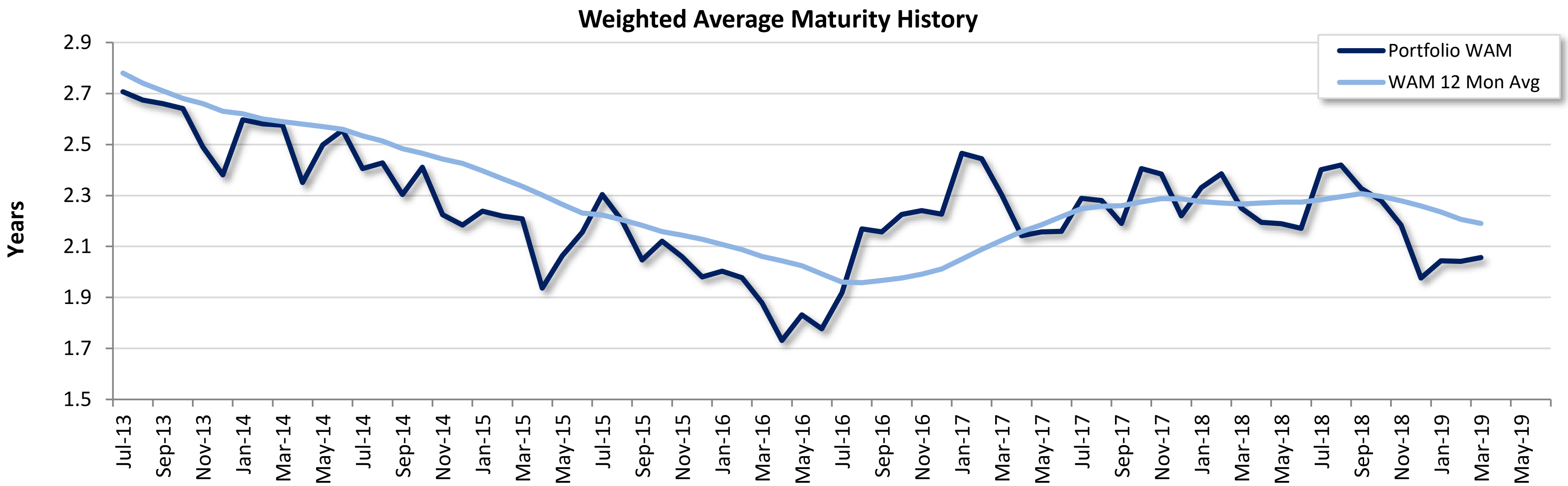
Figures in Billions, Average Daily Balance

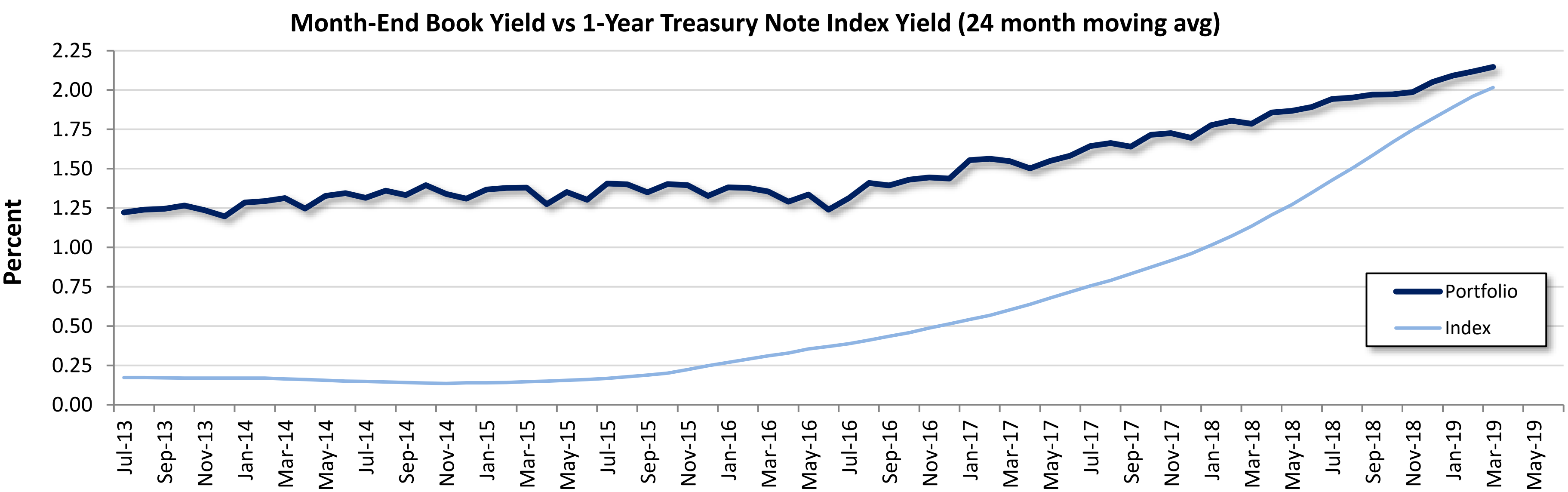
Historical Book Values Per Fiscal Year
3/31/2019



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fiscal Year 2014	$2.310	$2.291	$2.319	$2.282	$2.285	$2.551	$2.615	$2.411	$2.411	$2.617	$2.531	$2.335
Fiscal Year 2015	$2.375	$2.256	$2.269	$2.323	$2.333	$2.649	$2.685	$2.519	$2.515	$2.778	$2.790	$2.637
Fiscal Year 2016	$2.531	$2.291	$2.290	$2.354	$2.365	$2.673	$2.842	$2.695	$2.731	$2.993	$2.957	$2.860
Fiscal Year 2017	$2.822	$2.576	$2.530	$2.581	$2.580	$2.905	$3.048	$2.891	$2.940	$3.274	$3.294	$3.247
Fiscal Year 2018	$3.240	$2.992	$2.932	$3.032	$3.004	$3.374	$3.468	$3.321	$3.337	$3.593	$3.550	$3.609
Fiscal Year 2019	$3.562	$3.305	$3.232	$3.233	$3.262	$3.634	$3.759	$3.634	$3.707			

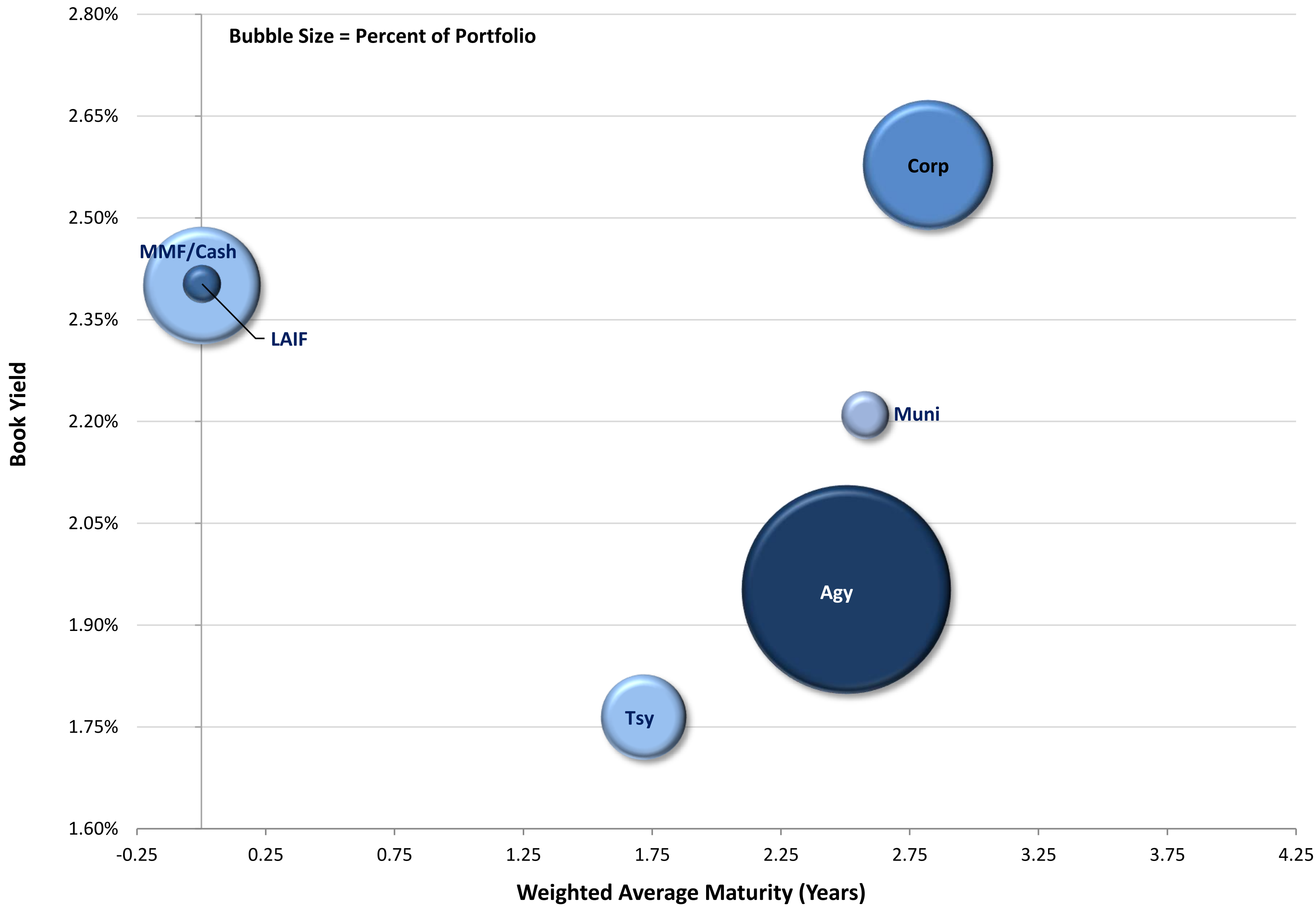
Figures in Billions, Average Daily Balance





Index: 24 Month Moving Average of the ICE BofAML 1-Year US Treasury Note Index

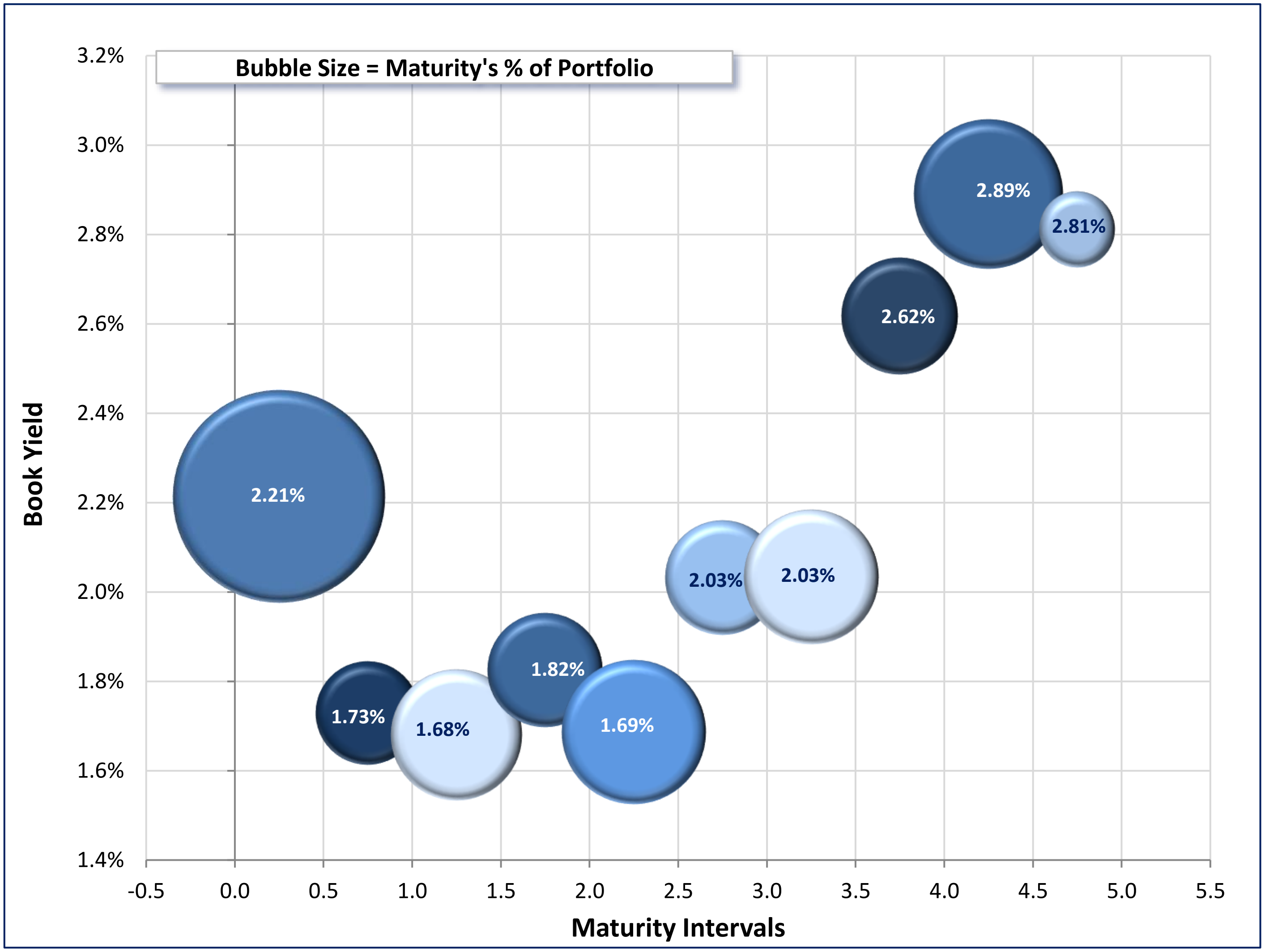
Book Yield per WAM per Percent of Portfolio
3/31/2019



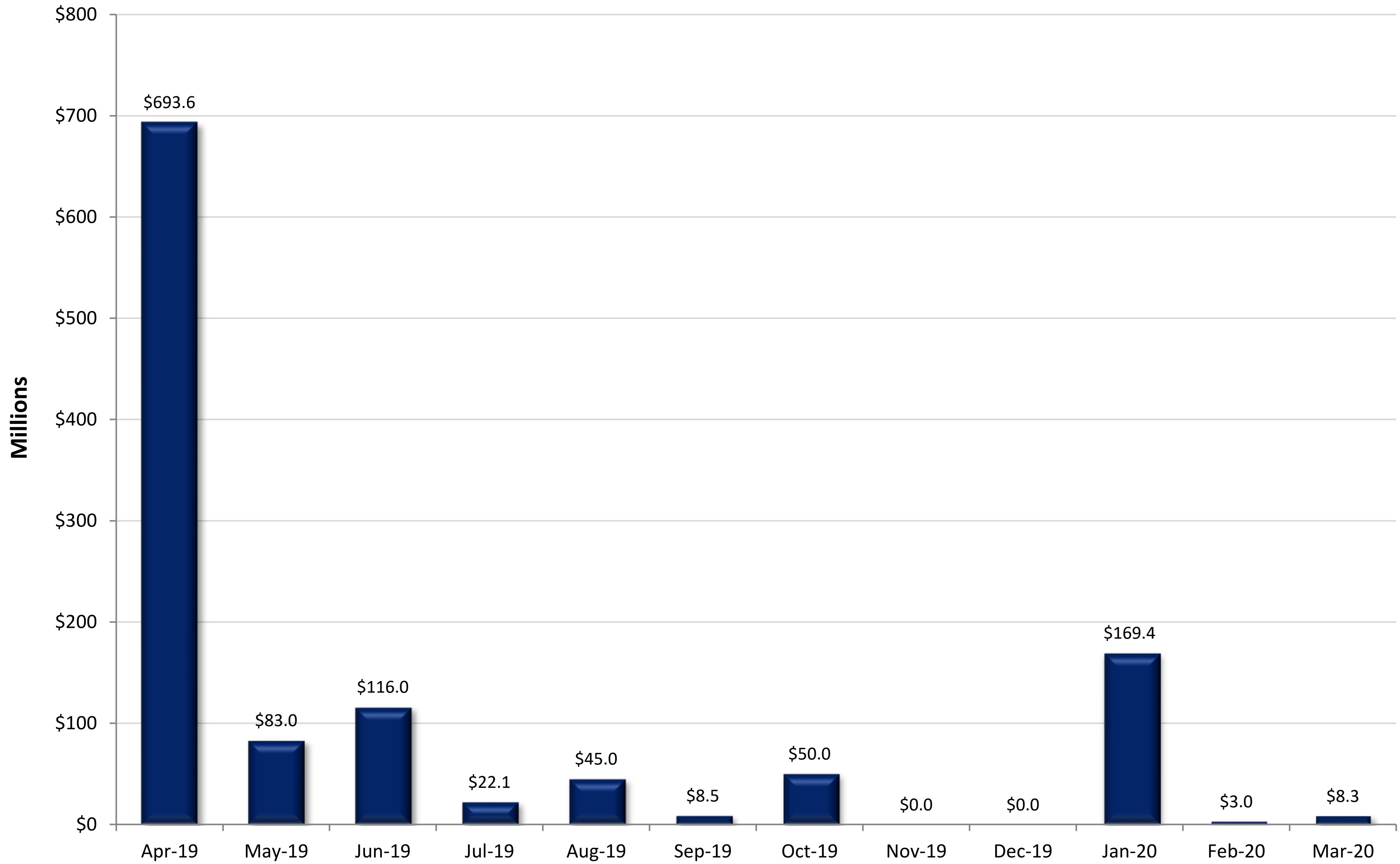
Book YTM Per 6-Month Maturity Intervals
3/31/2019

Years	Book Yield	% of Portfolio*
0 to .5	2.21%	25.10%
.5 to 1.0	1.73%	5.98%
1.0 to 1.5	1.68%	9.56%
1.5 to 2.0	1.82%	7.30%
2.0 to 2.5	1.69%	11.52%
2.5 to 3.0	2.03%	7.27%
3.0 to 3.5	2.03%	10.06%
3.5 to 4.0	2.62%	7.56%
4.0 to 4.5	2.89%	12.45%
4.5 to 5.0+	2.81%	3.20%

*Based on Book Value



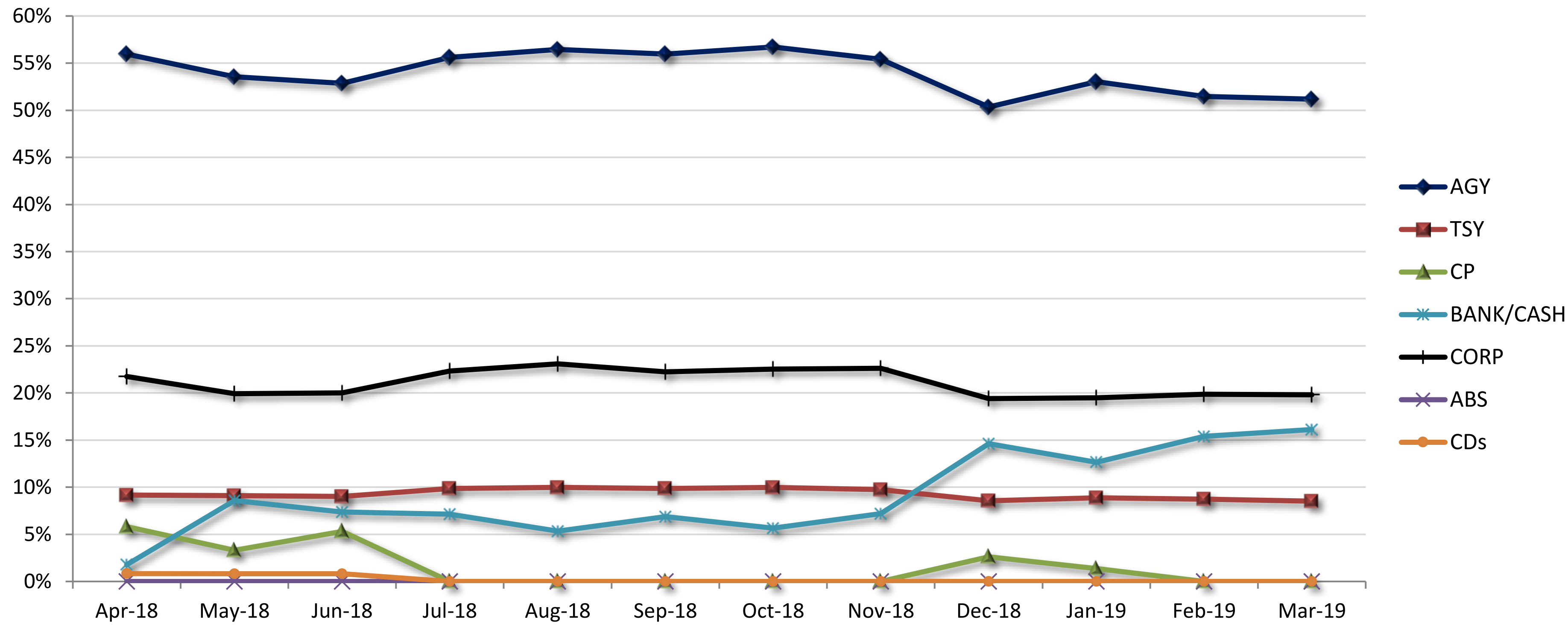
Next Twelve Months Maturities
3/31/2019



	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
Maturities	$693.6	$83.0	$116.0	$22.1	$45.0	$8.5	$50.0	$0.0	$0.0	$169.4	$3.0	$8.3

Par Value in Millions

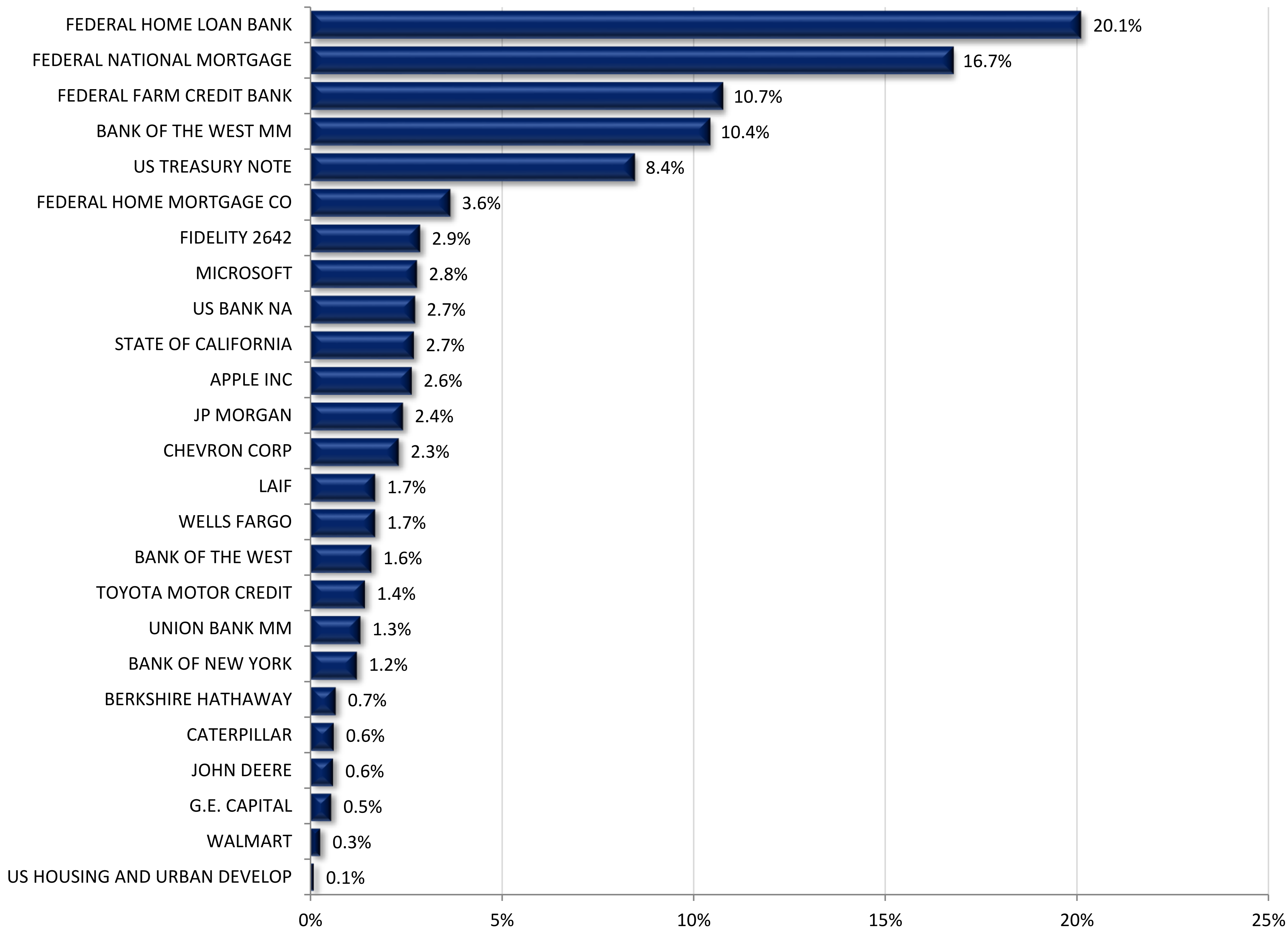
Historical Sector Allocation
3/31/2019



Sector	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Agency	56.0%	53.6%	52.8%	55.6%	56.4%	56.0%	56.7%	55.4%	50.3%	53.0%	51.5%	51.2%
Treasury	9.2%	9.1%	9.0%	9.9%	10.0%	9.9%	10.0%	9.7%	8.6%	8.9%	8.7%	8.5%
Commercial Paper	5.8%	3.3%	5.3%	0.0%	0.0%	0.0%	0.0%	0.0%	2.6%	1.4%	0.0%	0.0%
LAIF	1.8%	1.8%	1.8%	2.0%	2.0%	2.0%	2.0%	1.9%	1.7%	1.8%	1.7%	1.7%
Muni	2.9%	2.9%	2.8%	3.1%	3.2%	3.1%	3.2%	3.1%	2.7%	2.8%	2.8%	2.7%
Corporates	21.7%	19.9%	20.0%	22.3%	23.1%	22.2%	22.5%	22.6%	19.4%	19.5%	19.9%	19.8%
CDs	0.8%	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ABS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bank/Cash	1.8%	8.6%	7.4%	7.2%	5.3%	6.9%	5.6%	7.2%	14.6%	12.6%	15.4%	16.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Holdings Allocation by Issuer
3/31/2019

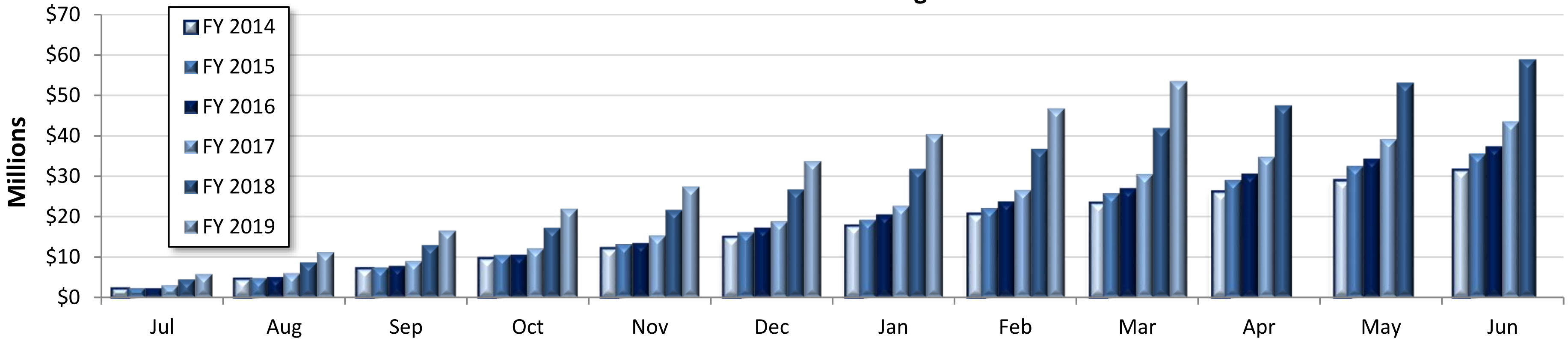
County of Fresno



Historical Earnings and Book Rate of Return Performance
3/31/2019

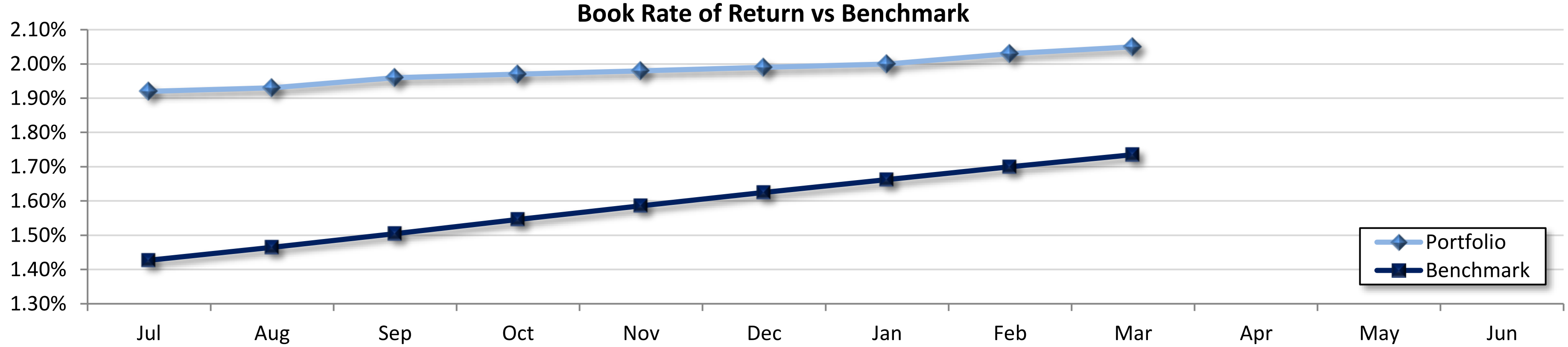
County of Fresno

Fiscal Year-to-Date Earnings



Fiscal YTD ($Mil)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2014	$2.3	$4.7	$7.3	$9.8	$12.2	$15.0	$17.7	$20.7	$23.4	$26.2	$29.0	$31.6
FY 2015	$2.3	$4.9	$7.5	$10.5	$13.3	$16.2	$19.2	$22.1	$25.8	$29.0	$32.5	$35.5
FY 2016	$2.3	$5.1	$7.8	$10.6	$13.4	$17.2	$20.5	$23.7	$26.9	$30.5	$34.2	$37.3
FY 2017	$3.0	$6.0	$9.0	$12.1	$15.3	$18.9	$22.7	$26.5	$30.5	$34.8	$39.2	$43.5
FY 2018	$4.5	$8.7	$12.9	$17.3	$21.6	$26.7	$31.7	$36.7	$41.9	$47.4	$53.0	$58.8
FY 2019	$5.8	$11.3	$16.7	$22.1	$27.5	$33.8	$40.4	$46.7	$53.5			

Book Rate of Return vs Benchmark

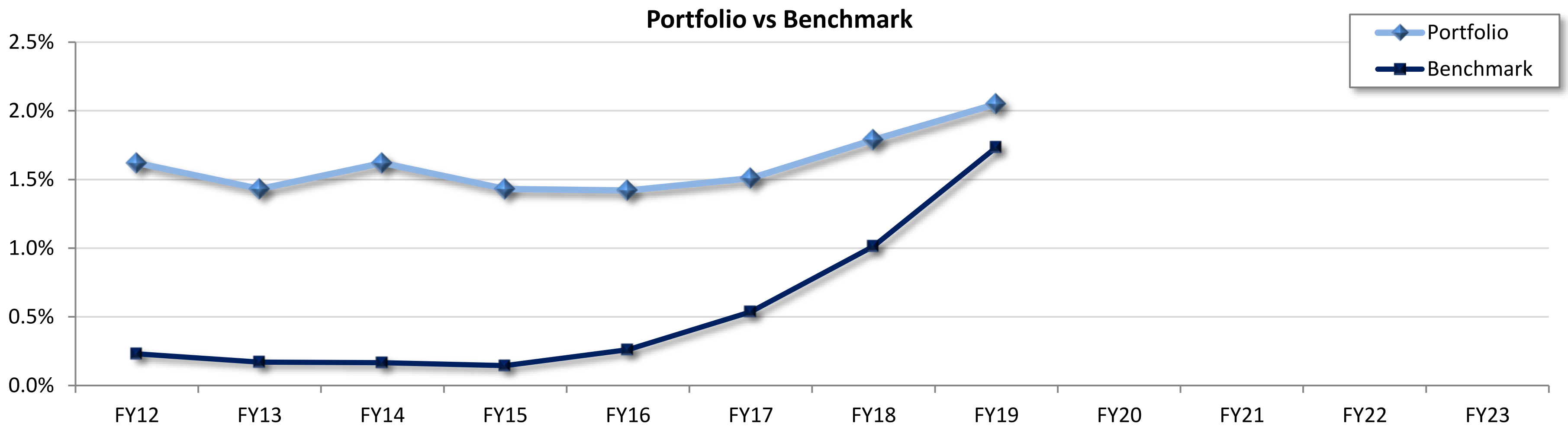


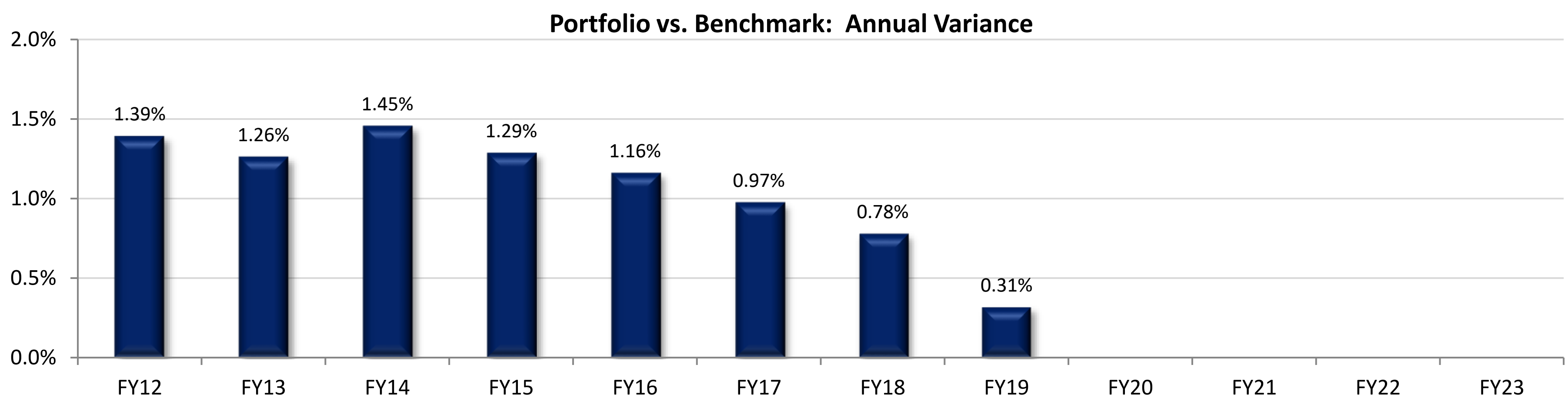
Fiscal YTD	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Book Rate of Rtn	1.92%	1.93%	1.96%	1.97%	1.98%	1.99%	2.00%	2.03%	2.05%			
Benchmark*	1.43%	1.46%	1.50%	1.55%	1.59%	1.62%	1.66%	1.70%	1.74%			
Variance	0.49%	0.47%	0.46%	0.42%	0.39%	0.37%	0.34%	0.33%	0.31%			

*Benchmark: ICE BofAML 1-Year US Treasury Note Index (24 Month Moving Average)--Average Builds Over the Fiscal Year Period

Historical Book Rate of Return Performance
3/31/2019

County of Fresno

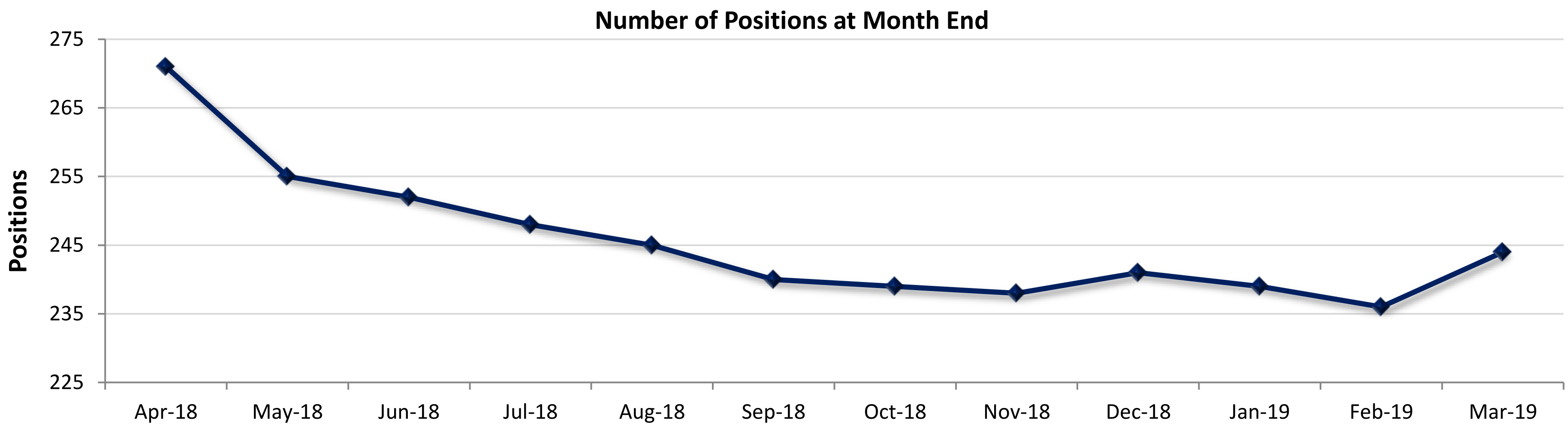




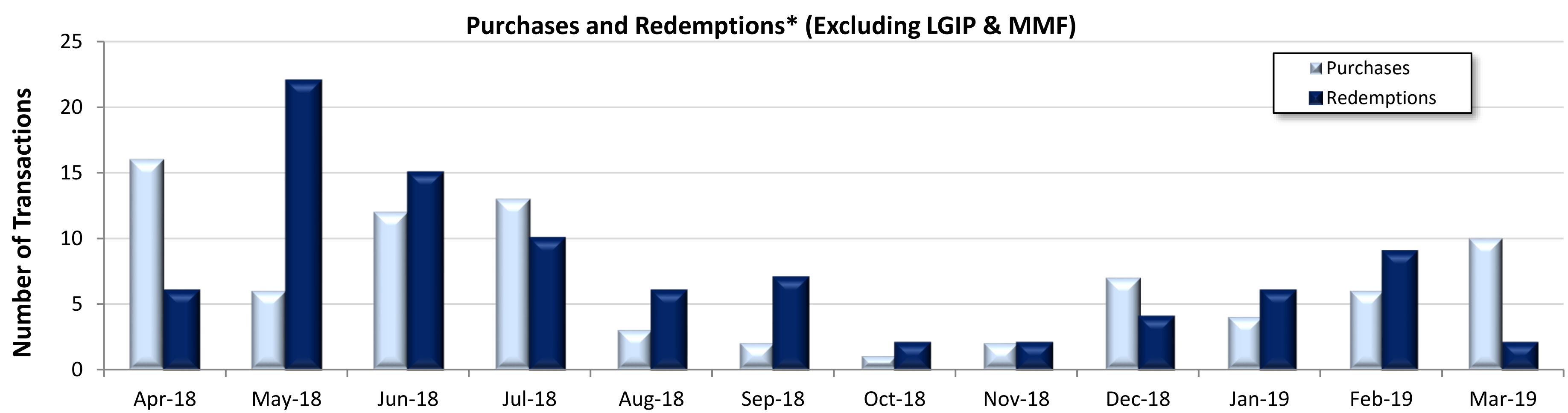
Fiscal YTD	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Portfolio	1.62%	1.43%	1.62%	1.43%	1.42%	1.51%	1.79%	2.05%				
Benchmark*	0.23%	0.17%	0.17%	0.14%	0.26%	0.54%	1.01%	1.74%				
Variance	1.39%	1.26%	1.45%	1.29%	1.16%	0.97%	0.78%	0.31%				

*Benchmark: ICE BofAML 1-Year US Treasury Note Index (24 Month Moving Average)--Average Builds Over the Fiscal Year Period

Investment Activity
3/31/2019



	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Positions	271	255	252	248	245	240	239	238	241	239	236	244



*Redemptions include maturities, calls, and sells

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Purchases	16	6	12	13	3	2	1	2	7	4	6	10
Redemptions	6	22	15	10	6	7	2	2	4	6	9	2
Total Transactions	22	28	27	23	9	9	3	4	11	10	15	12

Summary of Portfolio

	March 2019	December 2018	September 2018	June 2018	March 2018
Market Value	$3,849,252,349	$3,770,988,770	$3,263,439,272	$3,602,167,778	$3,445,620,926
Amortize Cost Value	$3,857,429,169	$3,808,681,373	$3,325,605,518	$3,657,258,602	$3,492,422,560
Unrealized Gain/Loss % on cost	-0.21%	-0.99%	-1.87%	-1.51%	-1.34%
Yield (weighted on cost value)	2.15%	2.05%	1.97%	1.89%	1.79%
Years to Maturity (weighted on cost value)	2.06	1.98	2.33	2.17	2.25
Avg Dollar-Weighted Quality Rating	AA+	AA+	AA+	AA+	AA+

Projection of Future Cash Flows (in millions)

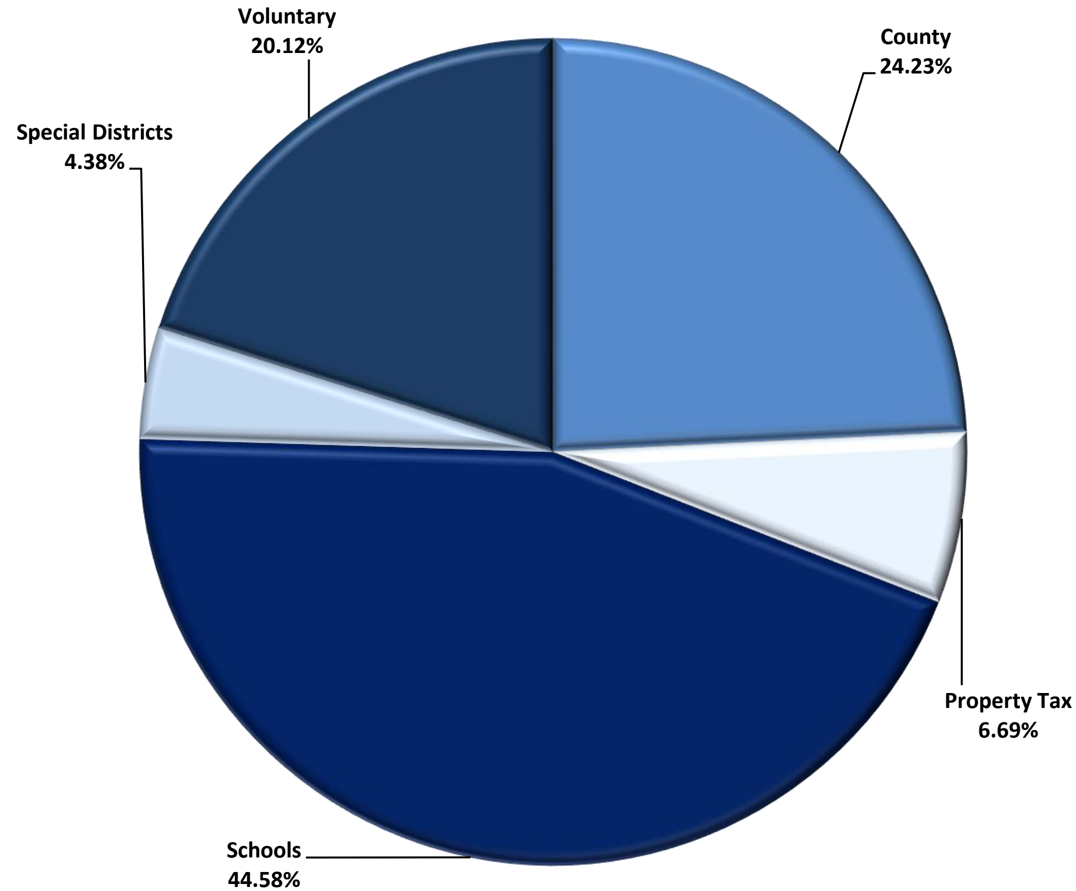
Month	Monthly Receipts (a)	Monthly Disburs. (a)	Difference	Actual Inv. Maturities	Balance
Beginning Balance (b)					686.9
4/19	715.0	563.3	151.7	6.7	845.3
5/19	408.0	491.7	-83.7	83.0	844.6
6/19	502.3	540.6	-38.3	116.0	922.3
7/19	316.7	641.6	-324.9	22.1	619.5
8/19	308.5	430.0	-121.5	45.0	543.0
9/19	443.9	398.3	45.6	8.5	597.1
Totals	**2,694.4**	**3,065.5**	**-371.1**	**281.3**	

(a) Monthly Receipt and Monthly Disbursement amounts are estimates based upon historical cash flows and may change as actual cash flow information becomes available.

(b) Beg. Balance is taken from Bank Accounts, Mutual Funds, and LAIF.

Pool Participant Breakdown
3/31/2019

Entity	Portfolio $	Portfolio %
County	951,000,010	24.23%
Property Tax	262,512,639	6.69%
Schools	1,749,576,007	44.58%
Special Districts	171,949,621	4.38%
Voluntary	789,559,794	20.12%
Total	**3,924,598,071**	**100.00%**



Fresno County
P.O. Box 1247
Fresno, CA 93715
(559)600-3496

County of Fresno
Portfolio Management
Portfolio Summary
March 31, 2019

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.
Bank Accounts	61,076,681.71	61,076,681.71	61,076,681.71	1.58	1	1	1.509
Federal Agency Coupons	1,974,209,000.00	1,967,591,133.93	1,974,165,962.38	51.18	1,717	914	1.952
Medium Term Notes	766,705,000.00	765,087,781.01	763,778,997.95	19.80	1,667	1,030	2.578
Treasury Notes	328,500,000.00	326,005,845.00	328,701,000.41	8.52	1,459	627	1.764
Mutual Funds	110,000,000.00	110,000,000.00	110,000,000.00	2.85	1	1	2.338
Local Agency Investment Funds	65,000,000.00	65,000,000.00	65,000,000.00	1.69	1	1	2.403
Bank Money Market Accounts	450,831,332.19	450,831,332.19	450,831,332.19	11.69	1	1	2.536
Municipal Bonds	103,500,000.00	103,659,575.00	103,875,194.83	2.69	1,598	941	2.209
Investments	**3,859,822,013.90**	**3,849,252,348.84**	**3,857,429,169.47**	**100.00%**	**1,376**	**751**	**2.147**

Total Earnings	March 31 Month Ending	Fiscal Year To Date
Current Year	6,722,408.06	53,477,839.58
Average Daily Balance	**3,707,307,998.33**	**3,480,783,673.80**
Effective Rate of Return	**2.13%**	**2.05%**

Oscar J. Garcia, CPA, Treasurer/ Tax Collector

Reporting period 03/01/2019-03/31/2019

Run Date: 04/15/2019 - 11:05

Portfolio FSNO
AC
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

County of Fresno
Portfolio Management
Portfolio Details - Investments
March 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	S&P	Moody's	Maturity Date
Bank Accounts												
SYS03400B	03400B	BANK OF AMERICA			0.00	0.00	0.00	0.220	0.220			
SYS03400A	03400A	BANK OF THE WEST			61,076,681.71	61,076,681.71	61,076,681.71	1.530	1.530			
		Subtotal and Average	**17,950,099.81**		**61,076,681.71**	**61,076,681.71**	**61,076,681.71**		**1.530**			
Federal Agency Coupons												
3133EDLR1	17248	FEDERAL FARM CREDIT BANK		05/27/2014	5,000,000.00	4,995,710.00	5,000,191.95	1.650	1.617	AA+	Aaa	05/15/2019
3133EEW55	17316	FEDERAL FARM CREDIT BANK		06/15/2015	10,000,000.00	9,930,500.00	9,990,034.88	1.800	1.887	AA+	Aaa	06/15/2020
3133EFYZ4	17359	FEDERAL FARM CREDIT BANK		02/29/2016	17,800,000.00	17,489,051.80	17,780,569.78	1.375	1.436	AA+	Aaa	02/10/2021
3133EFW52	17383	FEDERAL FARM CREDIT BANK		06/09/2016	2,060,000.00	2,053,869.44	2,060,500.34	1.150	1.051	AA+	Aaa	07/01/2019
3133EGYQ2	17410	FEDERAL FARM CREDIT BANK		10/27/2016	10,000,000.00	9,771,600.00	9,986,092.97	1.400	1.457	AA+	Aaa	10/14/2021
3133EGZJ7	17411	FEDERAL FARM CREDIT BANK		10/27/2016	10,000,000.00	9,763,060.00	9,979,767.59	1.375	1.457	AA+	Aaa	10/25/2021
3133EG5D3	17447	FEDERAL FARM CREDIT BANK		01/27/2017	50,000,000.00	49,607,400.00	50,000,000.00	2.030	2.030	AA+	Aaa	01/27/2022
3133EHJT1	17479	FEDERAL FARM CREDIT BANK		05/18/2017	5,000,000.00	4,952,840.00	4,996,431.17	2.000	2.024	AA+	Aaa	05/18/2022
3133EEY20	17495	FEDERAL FARM CREDIT BANK		09/21/2017	10,000,000.00	10,025,890.00	10,144,195.08	2.400	1.928	AA+	Aaa	06/17/2022
3133EHVS9	17499	FEDERAL FARM CREDIT BANK		09/28/2017	5,500,000.00	5,414,442.00	5,476,581.22	1.840	1.972	AA+	Aaa	08/23/2022
3133EJBP3	17535	FEDERAL FARM CREDIT BANK		02/07/2018	10,000,000.00	10,063,480.00	9,966,863.69	2.500	2.593	AA+	Aaa	02/02/2023
3133EJBP3	17536	FEDERAL FARM CREDIT BANK		02/28/2018	51,180,000.00	51,504,890.64	50,701,578.13	2.500	2.762	AA+	Aaa	02/02/2023
3133EH7F4	17557	FEDERAL FARM CREDIT BANK		04/19/2018	19,869,000.00	19,886,782.76	19,555,114.03	2.350	2.797	AA+	Aaa	01/17/2023
3133EJUS6	17584	FEDERAL FARM CREDIT BANK		07/17/2018	20,000,000.00	20,438,880.00	19,997,766.89	2.875	2.878	AA+	Aaa	07/17/2023
3133EJUS6	17589	FEDERAL FARM CREDIT BANK		07/25/2018	30,000,000.00	30,658,320.00	29,916,919.75	2.875	2.945	AA+	Aaa	07/17/2023
3133EJUS6	17593	FEDERAL FARM CREDIT BANK		09/19/2018	10,000,000.00	10,219,440.00	9,938,640.35	2.875	3.029	AA+	Aaa	07/17/2023
3133EJK57	17606	FEDERAL FARM CREDIT BANK		12/20/2018	17,000,000.00	17,516,596.00	17,208,638.13	3.080	2.775	AA+	Aaa	07/24/2023
3133EJUS6	17607	FEDERAL FARM CREDIT BANK		12/20/2018	2,910,000.00	2,973,857.04	2,921,789.36	2.875	2.774	AA+	Aaa	07/17/2023
3133EJ4G1	17610	FEDERAL FARM CREDIT BANK		12/28/2018	65,000,000.00	66,155,310.00	64,955,101.78	2.770	2.787	AA+	Aaa	07/28/2023
3133EJUS6	17615	FEDERAL FARM CREDIT BANK		01/18/2019	20,000,000.00	20,438,880.00	20,159,157.44	2.875	2.679	AA+	Aaa	07/17/2023
3133EJ5W5	17618	FEDERAL FARM CREDIT BANK		02/26/2019	2,945,000.00	2,984,309.86	2,960,614.19	2.650	2.583	AA+	Aaa	10/23/2023
3133EKBW5	17620	FEDERAL FARM CREDIT BANK		02/28/2019	20,000,000.00	20,242,500.00	20,019,551.75	2.610	2.590	AA+	Aaa	02/27/2024
3133EKBW5	17622	FEDERAL FARM CREDIT BANK		03/01/2019	20,000,000.00	20,242,500.00	19,990,067.26	2.610	2.627	AA+	Aaa	02/27/2024
313379EE5	17250	FEDERAL HOME LOAN BANK		06/18/2014	5,000,000.00	4,992,100.00	4,997,752.28	1.625	1.858	AA+	Aaa	06/14/2019
3130A2FH4	17256	FEDERAL HOME LOAN BANK		09/02/2014	20,000,000.00	19,973,540.00	20,000,339.14	1.750	1.741	AA+	Aaa	06/14/2019
313379EE5	17259	FEDERAL HOME LOAN BANK		09/10/2014	10,000,000.00	9,984,200.00	9,995,685.59	1.625	1.848	AA+	Aaa	06/14/2019
3130A2FH4	17260	FEDERAL HOME LOAN BANK		09/10/2014	10,000,000.00	9,986,770.00	9,998,121.34	1.750	1.847	AA+	Aaa	06/14/2019
3133X72S2	17272	FEDERAL HOME LOAN BANK		12/09/2014	10,000,000.00	10,035,480.00	10,043,007.52	5.375	1.706	AA+	Aaa	05/15/2019
3133X72S2	17279	FEDERAL HOME LOAN BANK		12/19/2014	20,500,000.00	20,572,734.00	20,588,998.85	5.375	1.675	AA+	Aaa	05/15/2019
313383HU8	17315	FEDERAL HOME LOAN BANK		06/12/2015	20,000,000.00	19,837,700.00	19,999,770.13	1.750	1.751	AA+	Aaa	06/12/2020
313383HU8	17317	FEDERAL HOME LOAN BANK		06/26/2015	12,615,000.00	12,512,629.28	12,604,064.98	1.750	1.826	AA+	Aaa	06/12/2020

County of Fresno
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Federal Agency Coupons												
3130A7CV5	17363	FEDERAL HOME LOAN BANK		03/03/2016	5,000,000.00	4,912,335.00	4,986,370.87	1.375	1.526	AA+	Aaa	02/18/2021
313376XN0	17364	FEDERAL HOME LOAN BANK		03/03/2016	820,000.00	815,941.82	827,949.89	2.100	1.554	AA+	Aaa	02/08/2021
3130A7CV5	17371	FEDERAL HOME LOAN BANK		04/21/2016	10,000,000.00	9,824,670.00	9,994,894.24	1.375	1.403	AA+	Aaa	02/18/2021
313381CA1	17372	FEDERAL HOME LOAN BANK		04/21/2016	5,000,000.00	4,923,440.00	5,000,482.16	1.375	1.369	AA+	Aaa	12/11/2020
3130A7CV5	17376	FEDERAL HOME LOAN BANK		05/20/2016	5,000,000.00	4,912,335.00	4,991,656.41	1.375	1.467	AA+	Aaa	02/18/2021
3130A7CV5	17379	FEDERAL HOME LOAN BANK		05/25/2016	10,000,000.00	9,824,670.00	9,978,986.37	1.375	1.491	AA+	Aaa	02/18/2021
3130A1W95	17386	FEDERAL HOME LOAN BANK		07/15/2016	30,000,000.00	29,943,210.00	30,636,544.96	2.250	1.250	AA+	Aaa	06/11/2021
3130A7CV5	17388	FEDERAL HOME LOAN BANK		08/08/2016	10,000,000.00	9,824,670.00	10,036,699.21	1.375	1.174	AA+	Aaa	02/18/2021
3130A8QS5	17389	FEDERAL HOME LOAN BANK		08/08/2016	15,000,000.00	14,604,930.00	14,960,518.24	1.125	1.244	AA+	Aaa	07/14/2021
313379RB7	17392	FEDERAL HOME LOAN BANK		08/17/2016	10,000,000.00	9,896,250.00	10,120,388.89	1.875	1.307	AA+	Aaa	06/11/2021
3130A8QS5	17399	FEDERAL HOME LOAN BANK		08/29/2016	3,955,000.00	3,850,833.21	3,938,085.31	1.125	1.319	AA+	Aaa	07/14/2021
3130A8QS5	17400	FEDERAL HOME LOAN BANK		09/13/2016	15,000,000.00	14,604,930.00	14,931,772.78	1.125	1.331	AA+	Aaa	07/14/2021
3130A8QS5	17403	FEDERAL HOME LOAN BANK		09/28/2016	10,000,000.00	9,736,620.00	9,974,532.39	1.125	1.240	AA+	Aaa	07/14/2021
3133752P1	17405	FEDERAL HOME LOAN BANK		10/05/2016	5,700,000.00	5,850,736.50	5,976,348.62	3.500	1.342	AA+	Aaa	07/29/2021
3130A8QS5	17408	FEDERAL HOME LOAN BANK		10/13/2016	10,000,000.00	9,736,620.00	9,934,915.18	1.125	1.420	AA+	Aaa	07/14/2021
3130A8QS5	17414	FEDERAL HOME LOAN BANK		11/14/2016	10,000,000.00	9,736,620.00	9,910,944.54	1.125	1.530	AA+	Aaa	07/14/2021
3130A1W95	17420	FEDERAL HOME LOAN BANK		11/29/2016	18,470,000.00	18,435,036.29	18,629,055.90	2.250	1.839	AA+	Aaa	06/11/2021
3130A7CV5	17457	FEDERAL HOME LOAN BANK		03/20/2017	20,000,000.00	19,649,340.00	19,823,364.55	1.375	1.864	AA+	Aaa	02/18/2021
3130AAX45	17460	FEDERAL HOME LOAN BANK		03/28/2017	15,000,000.00	14,862,975.00	15,028,219.86	1.875	1.768	AA+	Aaa	01/28/2021
3130A8QS5	17464	FEDERAL HOME LOAN BANK		04/06/2017	20,000,000.00	19,473,240.00	19,701,136.17	1.125	1.807	AA+	Aaa	07/14/2021
3130AB3M6	17465	FEDERAL HOME LOAN BANK		04/10/2017	5,000,000.00	4,953,915.00	5,002,395.07	1.875	1.853	AA+	Aaa	06/30/2021
313379RB7	17466	FEDERAL HOME LOAN BANK		04/11/2017	15,000,000.00	14,844,375.00	15,009,085.00	1.875	1.846	AA+	Aaa	06/11/2021
313379Q69	17485	FEDERAL HOME LOAN BANK		06/28/2017	5,000,000.00	4,974,330.00	5,035,301.77	2.125	1.892	AA+	Aaa	06/10/2022
313379Q69	17486	FEDERAL HOME LOAN BANK		06/28/2017	5,000,000.00	4,974,330.00	5,035,334.01	2.125	1.892	AA+	Aaa	06/10/2022
313379Q69	17487	FEDERAL HOME LOAN BANK		06/28/2017	3,820,000.00	3,800,388.12	3,847,450.85	2.125	1.888	AA+	Aaa	06/10/2022
313379Q69	17488	FEDERAL HOME LOAN BANK		07/07/2017	13,470,000.00	13,400,845.02	13,519,669.66	2.125	2.003	AA+	Aaa	06/10/2022
3130AC5A8	17494	FEDERAL HOME LOAN BANK		09/19/2017	10,000,000.00	9,857,490.00	9,985,055.29	1.850	1.896	AA+	Aaa	08/15/2022
3130AC5A8	17496	FEDERAL HOME LOAN BANK		09/27/2017	9,280,000.00	9,147,750.72	9,257,416.89	1.850	1.926	AA+	Aaa	08/15/2022
313379Q69	17498	FEDERAL HOME LOAN BANK		09/27/2017	20,000,000.00	19,897,320.00	20,148,901.71	2.125	1.880	AA+	Aaa	06/10/2022
3130ACKC7	17500	FEDERAL HOME LOAN BANK		10/18/2017	50,000,000.00	49,460,750.00	50,000,000.00	1.950	1.950	AA+	Aaa	07/18/2022
3130ACM27	17502	FEDERAL HOME LOAN BANK		10/12/2017	15,000,000.00	14,839,155.00	14,989,435.93	1.950	1.973	AA+	Aaa	07/11/2022
3130ACM27	17509	FEDERAL HOME LOAN BANK		10/19/2017	4,455,000.00	4,407,229.04	4,447,432.78	1.950	2.005	AA+	Aaa	07/11/2022
3130ACUV4	17512	FEDERAL HOME LOAN BANK		11/30/2017	50,000,000.00	49,647,000.00	50,000,000.00	2.070	2.070	AA+	Aaa	07/29/2022
3130ACUZ5	17513	FEDERAL HOME LOAN BANK		11/24/2017	23,000,000.00	22,839,483.00	22,984,879.35	2.060	2.082	AA+	Aaa	05/24/2022
3130ACYP3	17515	FEDERAL HOME LOAN BANK		12/05/2017	20,000,000.00	19,878,120.00	19,987,009.95	2.100	2.121	AA+	Aaa	07/27/2022
313379Q69	17516	FEDERAL HOME LOAN BANK		12/01/2017	2,000,000.00	1,989,732.00	1,999,511.90	2.125	2.133	AA+	Aaa	06/10/2022

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Federal Agency Coupons												
3130ACUV4	17517	FEDERAL HOME LOAN BANK		12/06/2017	8,890,000.00	8,827,236.60	8,863,594.07	2.070	2.165	AA+	Aaa	07/29/2022
313379Q69	17527	FEDERAL HOME LOAN BANK		12/20/2017	1,900,000.00	1,890,245.40	1,894,098.85	2.125	2.228	AA+	Aaa	06/10/2022
3130A5P45	17528	FEDERAL HOME LOAN BANK		12/20/2017	1,925,000.00	1,929,824.05	1,933,562.93	2.375	2.228	AA+	Aaa	06/10/2022
3130ACXH2	17567	FEDERAL HOME LOAN BANK		12/04/2017	25,000,000.00	24,795,150.00	24,940,818.72	2.020	2.099	AA+	Aaa	05/25/2022
3130AEEW6	17572	FEDERAL HOME LOAN BANK		06/07/2018	21,150,000.00	21,538,948.50	21,042,033.63	2.760	2.893	AA+	Aaa	05/30/2023
3130AEAP5	17576	FEDERAL HOME LOAN BANK		05/30/2018	50,000,000.00	51,146,600.00	49,978,805.81	2.875	2.886	AA+	Aaa	05/30/2023
3130AFBD8	17608	FEDERAL HOME LOAN BANK		12/20/2018	12,500,000.00	12,923,700.00	12,676,914.21	3.125	2.774	AA+	Aaa	07/25/2023
3130A0F70	17613	FEDERAL HOME LOAN BANK		01/18/2019	10,000,000.00	10,454,830.00	10,318,538.86	3.375	2.730	AA+	Aaa	12/08/2023
3130AFQL4	17614	FEDERAL HOME LOAN BANK		01/18/2019	10,000,000.00	10,147,890.00	9,977,275.40	2.640	2.699	AA+	Aaa	10/27/2023
3130AFQL4	17619	FEDERAL HOME LOAN BANK		02/26/2019	4,905,000.00	4,977,540.05	4,931,754.88	2.640	2.583	AA+	Aaa	10/27/2023
3130AFRW9	17621	FEDERAL HOME LOAN BANK		02/28/2019	20,000,000.00	20,360,180.00	20,104,252.19	2.700	2.574	AA+	Aaa	08/28/2023
3130AFRW9	17623	FEDERAL HOME LOAN BANK		03/01/2019	20,000,000.00	20,360,180.00	20,082,525.05	2.700	2.606	AA+	Aaa	08/28/2023
3137EADK2	17275	FEDERAL HOME MORTGAGE CO		12/11/2014	15,000,000.00	14,939,700.00	14,981,101.08	1.250	1.644	AA+	Aaa	08/01/2019
3137EADK2	17276	FEDERAL HOME MORTGAGE CO		12/11/2014	20,000,000.00	19,919,600.00	19,975,051.50	1.250	1.640	AA+	Aaa	08/01/2019
3137EADM8	17280	FEDERAL HOME MORTGAGE CO		12/19/2014	20,000,000.00	19,878,600.00	19,951,950.44	1.250	1.750	AA+	Aaa	10/02/2019
3137EADM8	17281	FEDERAL HOME MORTGAGE CO		12/19/2014	20,000,000.00	19,878,600.00	19,952,139.52	1.250	1.748	AA+	Aaa	10/02/2019
3137EADM8	17282	FEDERAL HOME MORTGAGE CO		12/19/2014	10,000,000.00	9,939,300.00	9,976,069.76	1.250	1.748	AA+	Aaa	10/02/2019
3137EADR7	17303	FEDERAL HOME MORTGAGE CO		05/06/2015	10,000,000.00	9,886,690.00	9,973,340.95	1.375	1.632	AA+	Aaa	05/01/2020
3137EADR7	17309	FEDERAL HOME MORTGAGE CO		05/08/2015	10,000,000.00	9,886,690.00	9,971,819.07	1.375	1.647	AA+	Aaa	05/01/2020
3134G44G0	17328	FEDERAL HOME MORTGAGE CO		10/29/2015	5,000,000.00	4,949,340.00	4,998,677.45	1.500	1.524	AA+	Aaa	05/22/2020
3137EAEB1	17391	FEDERAL HOME MORTGAGE CO		08/11/2016	10,000,000.00	9,952,340.00	9,998,223.82	0.875	0.935	AA+	Aaa	07/19/2019
3137EAEC9	17393	FEDERAL HOME MORTGAGE CO		08/17/2016	10,000,000.00	9,728,250.00	9,954,961.00	1.125	1.322	AA+	Aaa	08/12/2021
3134G9M79	17463	FEDERAL HOME MORTGAGE CO		04/06/2017	4,410,000.00	4,366,482.12	4,409,290.54	1.875	1.882	AA+	Aaa	07/26/2021
3134G9N86	17476	FEDERAL HOME MORTGAGE CO		05/11/2017	6,170,000.00	6,109,058.91	6,166,597.55	1.875	1.900	AA+	Aaa	07/27/2021
3135G0ZE6	17251	FEDERAL NATIONAL MORTGAGE		06/18/2014	5,000,000.00	4,992,020.00	4,998,895.23	1.750	1.856	AA+	Aaa	06/20/2019
3135G0ZE6	17269	FEDERAL NATIONAL MORTGAGE		10/01/2014	30,000,000.00	29,952,120.00	29,993,904.12	1.750	1.847	AA+	Aaa	06/20/2019
3135G0ZE6	17277	FEDERAL NATIONAL MORTGAGE		12/11/2014	10,000,000.00	9,984,040.00	10,003,161.94	1.750	1.600	AA+	Aaa	06/20/2019
3135G0ZE6	17278	FEDERAL NATIONAL MORTGAGE		12/19/2014	26,000,000.00	25,958,504.00	26,004,927.83	1.750	1.660	AA+	Aaa	06/20/2019
3135G0A78	17299	FEDERAL NATIONAL MORTGAGE		03/04/2015	20,000,000.00	19,871,040.00	19,988,116.11	1.625	1.702	AA+	Aaa	01/21/2020
3135G0A78	17307	FEDERAL NATIONAL MORTGAGE		05/08/2015	10,000,000.00	9,935,520.00	10,000,205.55	1.625	1.622	AA+	Aaa	01/21/2020
3135G0A78	17308	FEDERAL NATIONAL MORTGAGE		05/08/2015	10,000,000.00	9,935,520.00	10,000,371.71	1.625	1.620	AA+	Aaa	01/21/2020
3135G0A78	17312	FEDERAL NATIONAL MORTGAGE		06/03/2015	15,000,000.00	14,903,280.00	14,998,823.83	1.625	1.635	AA+	Aaa	01/21/2020
3135G0D75	17327	FEDERAL NATIONAL MORTGAGE		10/29/2015	20,000,000.00	19,784,760.00	19,991,723.01	1.500	1.535	AA+	Aaa	06/22/2020
3135G0A78	17329	FEDERAL NATIONAL MORTGAGE		10/29/2015	10,000,000.00	9,935,520.00	10,014,233.25	1.625	1.442	AA+	Aaa	01/21/2020
3135G0RM7	17330	FEDERAL NATIONAL MORTGAGE		10/30/2015	10,060,000.00	9,946,935.66	10,068,204.60	1.630	1.576	AA+	Aaa	10/30/2020
3135G0D75	17331	FEDERAL NATIONAL MORTGAGE		10/30/2015	5,950,000.00	5,885,966.10	5,945,150.71	1.500	1.569	AA+	Aaa	06/22/2020

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	S&P	Moody's	Maturity Date
Federal Agency Coupons												
3135G0A78	17332	FEDERAL NATIONAL MORTGAGE		11/04/2015	10,000,000.00	9,935,520.00	10,007,837.84	1.625	1.524	AA+	Aaa	01/21/2020
3135G0D75	17333	FEDERAL NATIONAL MORTGAGE		11/04/2015	5,000,000.00	4,946,190.00	4,992,583.90	1.500	1.626	AA+	Aaa	06/22/2020
3135G0D75	17334	FEDERAL NATIONAL MORTGAGE		11/04/2015	5,000,000.00	4,946,190.00	4,992,531.03	1.500	1.627	AA+	Aaa	06/22/2020
3135G0A78	17335	FEDERAL NATIONAL MORTGAGE		11/06/2015	10,000,000.00	9,935,520.00	10,002,779.41	1.625	1.589	AA+	Aaa	01/21/2020
3135G0D75	17336	FEDERAL NATIONAL MORTGAGE		11/06/2015	5,000,000.00	4,946,190.00	4,989,504.41	1.500	1.679	AA+	Aaa	06/22/2020
3135G0D75	17338	FEDERAL NATIONAL MORTGAGE		12/17/2015	30,000,000.00	29,677,140.00	29,903,628.61	1.500	1.774	AA+	Aaa	06/22/2020
3135G0D75	17339	FEDERAL NATIONAL MORTGAGE		12/17/2015	20,000,000.00	19,784,760.00	19,931,301.70	1.500	1.793	AA+	Aaa	06/22/2020
3135G0D75	17340	FEDERAL NATIONAL MORTGAGE		12/22/2015	10,000,000.00	9,892,380.00	9,976,273.11	1.500	1.702	AA+	Aaa	06/22/2020
3135G0A78	17341	FEDERAL NATIONAL MORTGAGE		12/22/2015	20,000,000.00	19,871,040.00	20,001,689.86	1.625	1.614	AA+	Aaa	01/21/2020
3135G0A78	17342	FEDERAL NATIONAL MORTGAGE		12/23/2015	10,000,000.00	9,935,520.00	10,000,533.38	1.625	1.618	AA+	Aaa	01/21/2020
3135G0D75	17343	FEDERAL NATIONAL MORTGAGE		12/23/2015	10,000,000.00	9,892,380.00	9,974,395.31	1.500	1.718	AA+	Aaa	06/22/2020
3135G0A78	17344	FEDERAL NATIONAL MORTGAGE		12/23/2015	20,000,000.00	19,871,040.00	20,000,758.58	1.625	1.620	AA+	Aaa	01/21/2020
3135G0H55	17374	FEDERAL NATIONAL MORTGAGE		05/20/2016	10,000,000.00	9,926,650.00	10,076,934.19	1.875	1.417	AA+	Aaa	12/28/2020
3135G0K69	17380	FEDERAL NATIONAL MORTGAGE		05/25/2016	10,000,000.00	9,784,130.00	9,945,047.36	1.250	1.523	AA+	Aaa	05/06/2021
3135G0N82	17396	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,755,440.00	9,989,994.18	1.250	1.294	AA+	Aaa	08/17/2021
3135G0N82	17397	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,755,440.00	9,979,940.49	1.250	1.337	AA+	Aaa	08/17/2021
3135G0N82	17398	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,755,440.00	9,975,296.64	1.250	1.358	AA+	Aaa	08/17/2021
3135G0K69	17402	FEDERAL NATIONAL MORTGAGE		09/28/2016	25,000,000.00	24,460,325.00	25,007,590.87	1.250	1.235	AA+	Aaa	05/06/2021
3135G0Q89	17406	FEDERAL NATIONAL MORTGAGE		10/07/2016	20,000,000.00	19,558,060.00	19,983,490.67	1.375	1.409	AA+	Aaa	10/07/2021
3135G0Q89	17407	FEDERAL NATIONAL MORTGAGE		10/13/2016	10,000,000.00	9,779,030.00	9,970,204.01	1.375	1.498	AA+	Aaa	10/07/2021
3135G0Q89	17409	FEDERAL NATIONAL MORTGAGE		10/27/2016	5,000,000.00	4,889,515.00	4,990,685.51	1.375	1.452	AA+	Aaa	10/07/2021
3135G0K69	17412	FEDERAL NATIONAL MORTGAGE		11/02/2016	10,000,000.00	9,784,130.00	9,973,649.38	1.250	1.380	AA+	Aaa	05/06/2021
3135G0K69	17413	FEDERAL NATIONAL MORTGAGE		11/14/2016	8,000,000.00	7,827,304.00	7,955,374.44	1.250	1.526	AA+	Aaa	05/06/2021
3135G0K69	17421	FEDERAL NATIONAL MORTGAGE		12/02/2016	25,000,000.00	24,460,325.00	24,669,159.97	1.250	1.911	AA+	Aaa	05/06/2021
3135G0S38	17440	FEDERAL NATIONAL MORTGAGE		01/09/2017	20,000,000.00	19,844,860.00	19,974,928.62	2.000	2.048	AA+	Aaa	01/05/2022
3135G0S38	17441	FEDERAL NATIONAL MORTGAGE		01/09/2017	10,000,000.00	9,922,430.00	9,986,946.28	2.000	2.050	AA+	Aaa	01/05/2022
3135G0S38	17459	FEDERAL NATIONAL MORTGAGE		03/28/2017	10,000,000.00	9,922,430.00	10,003,878.74	2.000	1.985	AA+	Aaa	01/05/2022
3136G2CS4	17461	FEDERAL NATIONAL MORTGAGE		03/28/2017	5,000,000.00	4,954,735.00	5,001,976.56	2.000	1.985	AA+	Aaa	01/27/2022
3135G0S38	17480	FEDERAL NATIONAL MORTGAGE		06/02/2017	5,000,000.00	4,961,215.00	5,022,128.11	2.000	1.832	AA+	Aaa	01/05/2022
3135G0S38	17481	FEDERAL NATIONAL MORTGAGE		06/12/2017	5,000,000.00	4,961,215.00	5,022,006.06	2.000	1.833	AA+	Aaa	01/05/2022
3135G0T78	17501	FEDERAL NATIONAL MORTGAGE		10/10/2017	20,000,000.00	19,811,400.00	19,984,620.75	2.000	2.023	AA+	Aaa	10/05/2022
3135G0T78	17503	FEDERAL NATIONAL MORTGAGE		10/12/2017	15,000,000.00	14,858,550.00	14,986,993.42	2.000	2.026	AA+	Aaa	10/05/2022
3135G0T78	17531	FEDERAL NATIONAL MORTGAGE		01/11/2018	5,000,000.00	4,952,850.00	4,937,371.17	2.000	2.379	AA+	Aaa	10/05/2022
3135G0T94	17533	FEDERAL NATIONAL MORTGAGE		01/23/2018	50,000,000.00	50,134,650.00	49,772,825.17	2.375	2.503	AA+	Aaa	01/19/2023
3135G0U43	17631	FEDERAL NATIONAL MORTGAGE		03/27/2019	20,000,000.00	20,468,060.00	20,554,333.22	2.875	2.245	AA+	Aaa	09/12/2023
		Subtotal and Average	**1,956,938,333.48**		**1,974,209,000.00**	**1,967,591,133.93**	**1,974,165,962.38**		**1.979**			

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	S&P	Moody's	Maturity Date
Medium Term Notes												
037833BD1	17348	APPLE INC		12/28/2015	10,000,000.00	9,952,110.00	9,999,042.73	2.000	2.009	AA+	Aa1	05/06/2020
037833CC2	17425	APPLE INC		12/13/2016	5,000,000.00	4,895,765.00	4,925,184.38	1.550	2.226	AA+	Aa1	08/04/2021
037833BS8	17443	APPLE INC		01/19/2017	10,000,000.00	9,964,030.00	10,000,000.00	2.250	2.250	AA+	Aa1	02/23/2021
037833CM0	17448	APPLE INC		02/21/2017	15,000,000.00	14,981,655.00	14,978,784.56	2.500	2.553	AA+	Aa1	02/09/2022
037833AY6	17470	APPLE INC		04/18/2017	10,000,000.00	9,900,390.00	9,987,785.57	2.150	2.195	AA+	Aa1	02/09/2022
037833CQ1	17475	APPLE INC		05/11/2017	20,000,000.00	19,869,840.00	19,970,133.33	2.300	2.351	AA+	Aa1	05/11/2022
037833BU3	17540	APPLE INC		03/01/2018	10,000,000.00	10,091,450.00	9,923,328.13	2.850	3.064	AA+	Aa1	02/23/2023
037833DE7	17541	APPLE INC		03/01/2018	2,500,000.00	2,481,325.00	2,442,286.03	2.400	3.060	AA+	Aa1	01/13/2023
037833AK6	17563	APPLE INC		05/03/2018	5,000,000.00	4,951,740.00	4,835,463.11	2.400	3.279	AA+	Aa1	05/03/2023
037833AK6	17564	APPLE INC		05/03/2018	5,000,000.00	4,951,740.00	4,835,299.56	2.400	3.280	AA+	Aa1	05/03/2023
037833AK6	17581	APPLE INC		06/22/2018	10,000,000.00	9,903,480.00	9,682,229.58	2.400	3.246	AA+	Aa1	05/03/2023
084670BL1	17264	BERKSHIRE HATHAWAY		10/01/2014	10,000,000.00	9,978,890.00	9,997,374.90	2.100	2.175	AA	Aa2	08/14/2019
084670BF4	17520	BERKSHIRE HATHAWAY		12/14/2017	15,000,000.00	15,405,150.00	15,420,183.21	3.400	2.355	AA	Aa2	01/31/2022
06406HCU1	17261	BANK OF NEW YORK		09/16/2014	2,500,000.00	2,498,340.00	2,499,946.93	2.200	2.218	A	A1	05/15/2019
06406HCU1	17262	BANK OF NEW YORK		09/16/2014	5,000,000.00	4,996,680.00	4,999,968.55	2.200	2.205	A	A1	05/15/2019
06406HCW7	17266	BANK OF NEW YORK		10/01/2014	8,501,000.00	8,488,265.50	8,497,026.50	2.300	2.412	A	A1	09/11/2019
06406HCZ0	17297	BANK OF NEW YORK		03/04/2015	3,000,000.00	2,986,677.00	3,001,629.44	2.150	2.086	A	A1	02/24/2020
06406HDD8	17347	BANK OF NEW YORK		12/28/2015	5,000,000.00	4,999,440.00	5,011,515.88	2.600	2.422	A	A1	08/17/2020
06406HBP3	17350	BANK OF NEW YORK		12/28/2015	5,000,000.00	5,073,515.00	5,086,892.89	4.600	2.281	A	A1	01/15/2020
06406RAA5	17469	BANK OF NEW YORK		04/18/2017	10,000,000.00	9,994,260.00	10,047,276.70	2.600	2.423	A	A1	02/07/2022
06406FAB9	17490	BANK OF NEW YORK		07/18/2017	7,500,000.00	7,402,792.50	7,463,970.11	2.050	2.291	A	A1	05/03/2021
14912L6J5	17360	CATERPILLAR		03/04/2016	8,278,000.00	8,229,639.92	8,271,766.13	2.000	2.085	A	A3	03/05/2020
14912L6U0	17401	CATERPILLAR		09/16/2016	15,294,000.00	14,991,607.03	15,213,521.12	1.700	1.935	A	A3	08/09/2021
166764AY6	17346	CHEVRON CORP		12/28/2015	10,000,000.00	9,980,420.00	9,992,037.86	2.419	2.471	AA	Aa2	11/17/2020
166764BH2	17378	CHEVRON CORP		05/25/2016	20,000,000.00	19,971,320.00	19,997,495.80	1.561	1.664	AA	Aa2	05/16/2019
166764BH2	17381	CHEVRON CORP		05/27/2016	10,000,000.00	9,985,660.00	9,998,749.77	1.561	1.664	AA	Aa2	05/16/2019
166764BG4	17471	CHEVRON CORP		04/25/2017	20,000,000.00	19,856,520.00	19,995,078.03	2.100	2.112	AA	Aa2	05/16/2021
166764BK5	17571	CHEVRON CORP		06/08/2018	10,000,000.00	10,013,910.00	9,717,975.28	2.566	3.313	AA	Aa2	05/16/2023
166764BK5	17579	CHEVRON CORP		06/22/2018	5,000,000.00	5,006,955.00	4,868,180.99	2.566	3.262	AA	Aa2	05/16/2023
166764BK5	17585	CHEVRON CORP		07/25/2018	6,288,000.00	6,296,746.61	6,116,890.12	2.566	3.284	AA	Aa2	05/16/2023
166764BK5	17626	CHEVRON CORP		03/04/2019	7,966,000.00	7,977,080.71	7,933,046.08	2.566	2.872	AA	Aa2	05/16/2023
36962G7M0	17296	G.E. CAPITAL		03/04/2015	10,350,000.00	10,283,366.70	10,367,115.40	2.200	1.974	BBB+	Baa1	01/09/2020
36962G5J9	17511	G.E. CAPITAL		11/16/2017	10,000,000.00	10,363,620.00	10,533,630.05	4.650	2.438	BBB+	Baa1	10/17/2021
24422ERY7	17349	JOHN DEERE		12/28/2015	9,000,000.00	8,928,954.00	8,960,984.60	1.700	2.278	A	A2	01/15/2020
24422ETF6	17362	JOHN DEERE		03/04/2016	5,000,000.00	4,994,750.00	5,033,411.45	2.550	2.150	A	A2	01/08/2021
24422ERH4	17427	JOHN DEERE		12/13/2016	8,707,000.00	8,808,715.17	8,857,712.37	3.150	2.423	A	A2	10/15/2021

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Medium Term Notes												
46625HHL7	17252	JP MORGAN		07/23/2014	6,740,000.00	6,753,075.60	6,755,506.36	6.300	2.303	A-	A2	04/23/2019
46625HKA7	17295	JP MORGAN		03/04/2015	10,000,000.00	9,963,520.00	9,992,662.65	2.250	2.346	A-	A2	01/23/2020
46625HNX4	17361	JP MORGAN		03/04/2016	6,181,000.00	6,164,558.54	6,182,970.24	2.550	2.528	A-	A2	10/29/2020
46625HJH4	17559	JP MORGAN		04/26/2018	10,000,000.00	10,137,490.00	9,876,428.44	3.200	3.554	A-	A2	01/25/2023
46632FPH2	17590	JP MORGAN		08/14/2018	30,000,000.00	29,352,000.00	30,000,000.00	3.450	3.450	A+	Aa2	07/14/2023
46632FPT6	17627	JP MORGAN		03/06/2019	30,000,000.00	29,970,000.00	30,000,000.00	3.050	3.050	A+	Aa2	01/26/2024
594918BP8	17394	MICROSOFT		08/22/2016	15,000,000.00	14,641,695.00	14,995,233.85	1.550	1.564	AAA	Aaa	08/08/2021
594918BP8	17424	MICROSOFT		12/13/2016	5,000,000.00	4,880,565.00	4,929,205.97	1.550	2.186	AAA	Aaa	08/08/2021
594918BW3	17449	MICROSOFT		02/21/2017	6,725,000.00	6,715,376.53	6,721,748.45	2.400	2.418	AAA	Aaa	02/06/2022
594918BA1	17450	MICROSOFT		02/21/2017	6,450,000.00	6,452,283.30	6,442,544.33	2.375	2.418	AAA	Aaa	02/12/2022
594918BW3	17525	MICROSOFT		12/21/2017	17,375,000.00	17,350,136.38	17,375,000.00	2.400	2.400	AAA	Aaa	02/06/2022
594918AT1	17580	MICROSOFT		06/22/2018	10,000,000.00	9,952,130.00	9,703,966.04	2.375	3.162	AAA	Aaa	05/01/2023
594918BQ6	17616	MICROSOFT		02/07/2019	2,880,000.00	2,812,864.32	2,794,445.86	2.000	2.730	AAA	Aaa	08/08/2023
594918BQ6	17617	MICROSOFT		02/11/2019	20,000,000.00	19,533,780.00	19,436,228.57	2.000	2.696	AAA	Aaa	08/08/2023
594918BQ6	17624	MICROSOFT		03/04/2019	10,000,000.00	9,766,890.00	9,715,003.91	2.000	2.735	AAA	Aaa	08/08/2023
594918BQ6	17625	MICROSOFT		03/04/2019	5,000,000.00	4,883,445.00	4,857,678.91	2.000	2.734	AAA	Aaa	08/08/2023
594918BX1	17629	MICROSOFT		03/07/2019	10,000,000.00	10,110,110.00	10,024,756.94	2.875	2.875	AAA	Aaa	02/06/2024
89236TBP9	17265	TOYOTA MOTOR CREDIT		10/01/2014	10,000,000.00	9,985,910.00	9,997,936.83	2.125	2.198	AA-	Aa3	07/18/2019
89233P7F7	17538	TOYOTA MOTOR CREDIT		03/01/2018	5,000,000.00	4,989,730.00	4,925,258.89	2.625	3.054	AA-	Aa3	01/10/2023
89236TEL5	17539	TOYOTA MOTOR CREDIT		03/01/2018	5,000,000.00	5,009,190.00	4,938,279.31	2.700	3.054	AA-	Aa3	01/11/2023
89236TEL5	17542	TOYOTA MOTOR CREDIT		04/02/2018	20,000,000.00	20,036,760.00	19,697,303.08	2.700	3.134	AA-	Aa3	01/11/2023
89236TFS9	17612	TOYOTA MOTOR CREDIT		01/09/2019	12,250,000.00	12,582,232.25	12,186,134.44	3.350	3.472	AA-	Aa3	01/08/2024
89236TDK8	17628	TOYOTA MOTOR CREDIT		03/07/2019	3,000,000.00	2,941,122.00	2,923,324.73	2.250	3.063	AA-	Aa3	10/18/2023
91159HHL7	17395	US BANK NA		08/22/2016	5,000,000.00	4,980,030.00	5,058,665.83	2.350	1.681	A+	A1	01/29/2021
91159HHL7	17426	US BANK NA		12/13/2016	4,634,000.00	4,615,491.80	4,643,787.72	2.350	2.228	A+	A1	01/29/2021
91159HHL7	17431	US BANK NA		12/22/2016	5,000,000.00	4,980,030.00	4,994,522.61	2.350	2.413	A+	A1	01/29/2021
91159HHL7	17432	US BANK NA		12/22/2016	7,522,000.00	7,491,957.13	7,514,426.67	2.350	2.408	A+	A1	01/29/2021
91159HHL7	17458	US BANK NA		03/22/2017	10,000,000.00	9,960,060.00	10,004,222.21	2.350	2.325	A+	A1	01/29/2021
91159HHL7	17482	US BANK NA		06/27/2017	4,803,000.00	4,783,816.82	4,827,532.04	2.350	2.058	A+	A1	01/29/2021
91159HHP8	17483	US BANK NA		06/27/2017	20,000,000.00	20,021,960.00	20,189,560.78	2.625	2.268	A+	A1	01/24/2022
91159JAA4	17529	US BANK NA		12/21/2017	10,004,000.00	10,044,756.30	10,108,181.80	2.950	2.606	A-	A1	07/15/2022
90331HNL3	17534	US BANK NA		01/24/2018	10,000,000.00	10,023,490.00	9,985,891.05	2.850	2.890	AA-	A1	01/23/2023
90331HNL3	17537	US BANK NA		03/01/2018	5,000,000.00	5,011,745.00	4,950,181.29	2.850	3.134	AA-	A1	01/23/2023
90331HNL3	17556	US BANK NA		04/20/2018	10,000,000.00	10,023,490.00	9,889,479.11	2.850	3.164	AA-	A1	01/23/2023
90331HNV1	17586	US BANK NA		07/25/2018	10,000,000.00	10,244,840.00	9,988,950.31	3.400	3.428	AA-	A1	07/24/2023
90331HNV1	17587	US BANK NA		07/25/2018	1,500,000.00	1,536,726.00	1,497,403.75	3.400	3.444	AA-	A1	07/24/2023

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Medium Term Notes												
90331HNV1	17588	US BANK NA		07/25/2018	1,250,000.00	1,280,605.00	1,248,273.49	3.400	3.435	AA-	A1	07/24/2023
931142EK5	17604	WALMART		11/13/2018	10,000,000.00	10,296,300.00	9,956,349.97	3.400	3.512	AA	Aa2	06/26/2023
949746SA0	17445	WELLS FARGO		01/25/2017	10,000,000.00	9,841,990.00	9,843,559.84	2.100	2.823	A-	A2	07/26/2021
949746SA0	17467	WELLS FARGO		04/17/2017	5,000,000.00	4,920,995.00	4,959,633.53	2.100	2.469	A-	A2	07/26/2021
949746SA0	17477	WELLS FARGO		05/15/2017	13,232,000.00	13,022,921.17	13,123,194.60	2.100	2.475	A-	A2	07/26/2021
949746SA0	17491	WELLS FARGO		07/18/2017	12,275,000.00	12,081,042.73	12,187,722.46	2.100	2.424	A-	A2	07/26/2021
95000U2B8	17508	WELLS FARGO		10/20/2017	5,000,000.00	4,963,210.00	4,998,399.94	2.625	2.635	A-	A2	07/22/2022
94988J5R4	17591	WELLS FARGO		08/14/2018	10,000,000.00	10,260,330.00	9,985,755.61	3.550	3.586	A+	Aa2	08/14/2023
94988J5R4	17602	WELLS FARGO		11/13/2018	10,000,000.00	10,260,330.00	9,888,768.40	3.550	3.830	A+	Aa2	08/14/2023
		Subtotal and Average	**758,113,006.02**		**766,705,000.00**	**765,087,781.01**	**763,778,997.95**		**2.613**			
Treasury Notes												
911759MW5	17630	US HOUSING AND URBAN DEVELOP		03/28/2019	3,500,000.00	3,500,000.00	3,500,000.00	2.618	2.618	AA+	Aaa	08/01/2023
912828ND8	17345	US TREASURY NOTE		12/23/2015	40,000,000.00	40,479,680.00	40,804,273.75	3.500	1.637	AA+	Aaa	05/15/2020
912828XE5	17416	US TREASURY NOTE		11/15/2016	15,000,000.00	14,844,135.00	15,015,829.83	1.500	1.407	AA+	Aaa	05/31/2020
912828XE5	17428	US TREASURY NOTE		12/13/2016	40,000,000.00	39,584,360.00	39,961,062.25	1.500	1.586	AA+	Aaa	05/31/2020
912828N48	17429	US TREASURY NOTE		12/16/2016	40,000,000.00	39,606,240.00	39,886,178.86	1.750	1.919	AA+	Aaa	12/31/2020
912828XM7	17433	US TREASURY NOTE		12/22/2016	40,000,000.00	39,598,440.00	39,938,755.22	1.625	1.744	AA+	Aaa	07/31/2020
912828WN6	17434	US TREASURY NOTE		12/28/2016	40,000,000.00	39,764,080.00	40,003,826.43	2.000	1.995	AA+	Aaa	05/31/2021
912828XM7	17435	US TREASURY NOTE		12/28/2016	40,000,000.00	39,598,440.00	39,928,027.27	1.625	1.765	AA+	Aaa	07/31/2020
912828L65	17436	US TREASURY NOTE		12/28/2016	30,000,000.00	29,564,070.00	29,807,156.52	1.375	1.820	AA+	Aaa	09/30/2020
912828XR6	17497	US TREASURY NOTE		09/27/2017	20,000,000.00	19,703,900.00	19,944,976.57	1.750	1.841	AA+	Aaa	05/31/2022
912828L24	17510	US TREASURY NOTE		10/23/2017	20,000,000.00	19,762,500.00	19,910,913.71	1.875	2.012	AA+	Aaa	08/31/2022
		Subtotal and Average	**325,667,462.70**		**328,500,000.00**	**326,005,845.00**	**328,701,000.41**		**1.789**			
Mutual Funds												
09248U718	9267	BLACKROCK PROVIDENT TFUND		07/01/2018	0.00	0.00	0.00	1.720	1.720	AAA	Aaa	
SYS16450	16450	BLACKROCK LIQUIDITY FED FUND		07/01/2018	0.00	0.00	0.00	1.730	1.730	AAA	Aaa	
SYS02642	02642	FIDELITY 2642			110,000,000.00	110,000,000.00	110,000,000.00	2.370	2.370	AAA	Aaa	
SYS05831	05831	FIDELITY 057		07/01/2018	0.00	0.00	0.00	0.070	0.070	AAA	Aaa	
SYS15497	15497	FIDELITY 2644		07/01/2018	0.00	0.00	0.00	2.410	2.410	AAA	Aaa	
		Subtotal and Average	**94,193,548.39**		**110,000,000.00**	**110,000,000.00**	**110,000,000.00**		**2.370**			
Local Agency Investment Funds												
SYS05291	05291	LAIF			65,000,000.00	65,000,000.00	65,000,000.00	2.436	2.436			

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		Subtotal and Average	**65,000,000.00**		**65,000,000.00**	**65,000,000.00**	**65,000,000.00**		**2.436**			
Bank Money Market Accounts												
SYS16800	16800	BANK OF THE WEST MM			400,698,082.19	400,698,082.19	400,698,082.19	2.600	2.600			
SYS16500	16500	UNION BANK MM		09/24/2018	50,133,250.00	50,133,250.00	50,133,250.00	2.340	2.340			
		Subtotal and Average	**385,564,322.47**		**450,831,332.19**	**450,831,332.19**	**450,831,332.19**		**2.571**			
Municipal Bonds												
13063CKL3	17249	STATE OF CALIFORNIA		06/12/2014	10,000,000.00	9,998,200.00	10,000,910.74	2.250	2.134	AA-	Aa3	05/01/2019
13063DAD0	17472	STATE OF CALIFORNIA		04/27/2017	5,000,000.00	5,001,250.00	5,000,000.00	2.367	2.367	AA-	Aa3	04/01/2022
13063DAD0	17473	STATE OF CALIFORNIA		04/27/2017	10,500,000.00	10,502,625.00	10,534,902.14	2.367	2.249	AA-	Aa3	04/01/2022
13063DAD0	17474	STATE OF CALIFORNIA		05/03/2017	8,000,000.00	8,002,000.00	8,018,228.05	2.367	2.286	AA-	Aa3	04/01/2022
13063DDF2	17504	STATE OF CALIFORNIA		10/26/2017	10,000,000.00	10,041,000.00	10,098,883.38	2.500	2.200	AA-	Aa3	10/01/2022
13063DDF2	17505	STATE OF CALIFORNIA		10/26/2017	10,000,000.00	10,041,000.00	10,098,883.38	2.500	2.200	AA-	Aa3	10/01/2022
13063DDE5	17518	STATE OF CALIFORNIA		12/11/2017	25,000,000.00	24,971,000.00	25,090,089.11	2.300	2.051	AA-	Aa3	10/01/2020
13063DDF2	17519	STATE OF CALIFORNIA		12/14/2017	20,000,000.00	20,082,000.00	20,045,526.35	2.500	2.430	AA-	Aa3	10/01/2022
13063DDF2	17532	STATE OF CALIFORNIA		01/16/2018	5,000,000.00	5,020,500.00	4,987,771.68	2.500	2.574	AA-	Aa3	10/01/2022
		Subtotal and Average	**103,881,225.47**		**103,500,000.00**	**103,659,575.00**	**103,875,194.83**		**2.240**			
		Total and Average	**3,707,307,998.33**		**3,859,822,013.90**	**3,849,252,348.84**	**3,857,429,169.47**		**2.177**			

County of Fresno
Portfolio Management
Portfolio Details - Cash
March 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	S&P Moody's
		Average Balance	0.00							
	Total Cash and Investments		3,707,307,998.33		3,859,822,013.90	3,849,252,348.84	3,857,429,169.47		2.177	

County of Fresno
Inventory by Maturity Report
March 31, 2019

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM 360	YTM 365	Days to Maturity
SYS02642	02642	TREAS	LA1	FIDELITY 2642	07/01/2018	110,000,000.00	2.370		110,000,000.00	1	110,000,000.00	2.338	2.370	1
SYS03400A	03400A	TREAS	PA1	BANK OF THE WEST	07/01/2018	61,076,681.71	1.530		61,076,681.71	1	61,076,681.71	1.509	1.530	1
SYS03400B	03400B	TREAS	PA1	BANK OF AMERICA	07/01/2018	0.00	0.220		0.00	1	0.00	0.217	0.220	1
SYS05291	05291	TREAS	LA5	LAIF	07/01/2018	65,000,000.00	2.436		65,000,000.00	1	65,000,000.00	2.403	2.436	1
SYS05831	05831	TREAS	LA1	FIDELITY 057	07/01/2018	0.00	0.070		0.00	1	0.00	0.069	0.070	1
SYS15497	15497	TREAS	LA1	FIDELITY 2644	07/01/2018	0.00	2.410		0.00	1	0.00	2.377	2.410	1
SYS16450	16450	TREAS	LA1	BLACKROCK LIQUIDITY	07/01/2018	0.00	1.730		0.00	1	0.00	1.706	1.730	1
SYS16500	16500	TREAS	LA3	UNION BANK MM	09/24/2018	50,133,250.00	2.340		50,133,250.00	1	50,133,250.00	2.308	2.340	1
SYS16800	16800	TREAS	LA3	BANK OF THE WEST MM	07/01/2018	400,698,082.19	2.600		400,698,082.19	1	400,698,082.19	2.564	2.600	1
09248U718	9267	TREAS	LA1	BLACKROCK PROVIDENT	07/01/2018	0.00	1.720		0.00	1	0.00	1.696	1.720	1
46625HHL7	17252	TREAS	MTN	JP MORGAN	07/23/2014	6,755,506.36	6.300	04/23/2019	6,740,000.00	1,735	6,740,000.00	2.271	2.303	22
13063CKL3	17249	TREAS	MUN	STATE OF CALIFORNIA	06/12/2014	10,000,910.74	2.250	05/01/2019	10,000,000.00	1,784	10,000,000.00	2.105	2.134	30
3133EDLR1	17248	TREAS	FAC	FEDERAL FARM CREDIT	05/27/2014	5,000,191.95	1.650	05/15/2019	5,000,000.00	1,814	5,000,000.00	1.595	1.617	44
06406HCU1	17261	TREAS	MTN	BANK OF NEW YORK	09/16/2014	2,499,946.93	2.200	05/15/2019	2,500,000.00	1,702	2,500,000.00	2.188	2.218	44
06406HCU1	17262	TREAS	MTN	BANK OF NEW YORK	09/16/2014	4,999,968.55	2.200	05/15/2019	5,000,000.00	1,702	5,000,000.00	2.175	2.205	44
3133X72S2	17272	TREAS	FAC	FEDERAL HOME LOAN	12/09/2014	10,043,007.52	5.375	05/15/2019	10,000,000.00	1,618	10,000,000.00	1.683	1.706	44
3133X72S2	17279	TREAS	FAC	FEDERAL HOME LOAN	12/19/2014	20,588,998.85	5.375	05/15/2019	20,500,000.00	1,608	20,500,000.00	1.652	1.675	44
166764BH2	17378	TREAS	MTN	CHEVRON CORP	05/25/2016	19,997,495.80	1.561	05/16/2019	20,000,000.00	1,086	20,000,000.00	1.641	1.664	45
166764BH2	17381	TREAS	MTN	CHEVRON CORP	05/27/2016	9,998,749.77	1.561	05/16/2019	10,000,000.00	1,084	10,000,000.00	1.641	1.664	45
313379EE5	17250	TREAS	FAC	FEDERAL HOME LOAN	06/18/2014	4,997,752.28	1.625	06/14/2019	5,000,000.00	1,822	5,000,000.00	1.833	1.858	74
3130A2FH4	17256	TREAS	FAC	FEDERAL HOME LOAN	09/02/2014	20,000,339.14	1.750	06/14/2019	20,000,000.00	1,746	20,000,000.00	1.717	1.741	74
313379EE5	17259	TREAS	FAC	FEDERAL HOME LOAN	09/10/2014	9,995,685.59	1.625	06/14/2019	10,000,000.00	1,738	10,000,000.00	1.823	1.848	74
3130A2FH4	17260	TREAS	FAC	FEDERAL HOME LOAN	09/10/2014	9,998,121.34	1.750	06/14/2019	10,000,000.00	1,738	10,000,000.00	1.822	1.847	74
3135G0ZE6	17251	TREAS	FAC	FEDERAL NATIONAL	06/18/2014	4,998,895.23	1.750	06/20/2019	5,000,000.00	1,828	5,000,000.00	1.830	1.856	80
3135G0ZE6	17269	TREAS	FAC	FEDERAL NATIONAL	10/01/2014	29,993,904.12	1.750	06/20/2019	30,000,000.00	1,723	30,000,000.00	1.822	1.847	80
3135G0ZE6	17277	TREAS	FAC	FEDERAL NATIONAL	12/11/2014	10,003,161.94	1.750	06/20/2019	10,000,000.00	1,652	10,000,000.00	1.578	1.600	80
3135G0ZE6	17278	TREAS	FAC	FEDERAL NATIONAL	12/19/2014	26,004,927.83	1.750	06/20/2019	26,000,000.00	1,644	26,000,000.00	1.637	1.660	80
3133EFW52	17383	TREAS	FAC	FEDERAL FARM CREDIT	06/09/2016	2,060,500.34	1.150	07/01/2019	2,060,000.00	1,117	2,060,000.00	1.037	1.051	91
89236TBP9	17265	TREAS	MTN	TOYOTA MOTOR CREDIT	10/01/2014	9,997,936.83	2.125	07/18/2019	10,000,000.00	1,751	10,000,000.00	2.168	2.198	108
3137EAEB1	17391	TREAS	FAC	FEDERAL HOME	08/11/2016	9,998,223.82	0.875	07/19/2019	10,000,000.00	1,072	10,000,000.00	0.922	0.935	109
3137EADK2	17275	TREAS	FAC	FEDERAL HOME	12/11/2014	14,981,101.08	1.250	08/01/2019	15,000,000.00	1,694	15,000,000.00	1.621	1.644	122
3137EADK2	17276	TREAS	FAC	FEDERAL HOME	12/11/2014	19,975,051.50	1.250	08/01/2019	20,000,000.00	1,694	20,000,000.00	1.618	1.640	122
084670BL1	17264	TREAS	MTN	BERKSHIRE HATHAWAY	10/01/2014	9,997,374.90	2.100	08/14/2019	10,000,000.00	1,778	10,000,000.00	2.145	2.175	135
06406HCW7	17266	TREAS	MTN	BANK OF NEW YORK	10/01/2014	8,497,026.50	2.300	09/11/2019	8,501,000.00	1,806	8,501,000.00	2.379	2.412	163
3137EADM8	17280	TREAS	FAC	FEDERAL HOME	12/19/2014	19,951,950.44	1.250	10/02/2019	20,000,000.00	1,748	20,000,000.00	1.726	1.750	184

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM 360	YTM 365	Days to Maturity
3137EADM8	17281	TREAS	FAC	FEDERAL HOME	12/19/2014	19,952,139.52	1.250	10/02/2019	20,000,000.00	1,748	20,000,000.00	1.724	1.748	184
3137EADM8	17282	TREAS	FAC	FEDERAL HOME	12/19/2014	9,976,069.76	1.250	10/02/2019	10,000,000.00	1,748	10,000,000.00	1.724	1.748	184
36962G7M0	17296	TREAS	MTN	G.E. CAPITAL	03/04/2015	10,367,115.40	2.200	01/09/2020	10,350,000.00	1,772	10,350,000.00	1.947	1.974	283
24422ERY7	17349	TREAS	MTN	JOHN DEERE	12/28/2015	8,960,984.60	1.700	01/15/2020	9,000,000.00	1,479	9,000,000.00	2.247	2.278	289
06406HBP3	17350	TREAS	MTN	BANK OF NEW YORK	12/28/2015	5,086,892.89	4.600	01/15/2020	5,000,000.00	1,479	5,000,000.00	2.250	2.281	289
3135G0A78	17299	TREAS	FAC	FEDERAL NATIONAL	03/04/2015	19,988,116.11	1.625	01/21/2020	20,000,000.00	1,784	20,000,000.00	1.679	1.702	295
3135G0A78	17307	TREAS	FAC	FEDERAL NATIONAL	05/08/2015	10,000,205.55	1.625	01/21/2020	10,000,000.00	1,719	10,000,000.00	1.600	1.622	295
3135G0A78	17308	TREAS	FAC	FEDERAL NATIONAL	05/08/2015	10,000,371.71	1.625	01/21/2020	10,000,000.00	1,719	10,000,000.00	1.598	1.620	295
3135G0A78	17312	TREAS	FAC	FEDERAL NATIONAL	06/03/2015	14,998,823.83	1.625	01/21/2020	15,000,000.00	1,693	15,000,000.00	1.613	1.635	295
3135G0A78	17329	TREAS	FAC	FEDERAL NATIONAL	10/29/2015	10,014,233.25	1.625	01/21/2020	10,000,000.00	1,545	10,000,000.00	1.422	1.442	295
3135G0A78	17332	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	10,007,837.84	1.625	01/21/2020	10,000,000.00	1,539	10,000,000.00	1.503	1.524	295
3135G0A78	17335	TREAS	FAC	FEDERAL NATIONAL	11/06/2015	10,002,779.41	1.625	01/21/2020	10,000,000.00	1,537	10,000,000.00	1.567	1.589	295
3135G0A78	17341	TREAS	FAC	FEDERAL NATIONAL	12/22/2015	20,001,689.86	1.625	01/21/2020	20,000,000.00	1,491	20,000,000.00	1.592	1.614	295
3135G0A78	17342	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	10,000,533.38	1.625	01/21/2020	10,000,000.00	1,490	10,000,000.00	1.596	1.618	295
3135G0A78	17344	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	20,000,758.58	1.625	01/21/2020	20,000,000.00	1,490	20,000,000.00	1.598	1.620	295
46625HKA7	17295	TREAS	MTN	JP MORGAN	03/04/2015	9,992,662.65	2.250	01/23/2020	10,000,000.00	1,786	10,000,000.00	2.314	2.346	297
06406HCZ0	17297	TREAS	MTN	BANK OF NEW YORK	03/04/2015	3,001,629.44	2.150	02/24/2020	3,000,000.00	1,818	3,000,000.00	2.057	2.086	329
14912L6J5	17360	TREAS	MTN	CATERPILLAR	03/04/2016	8,271,766.13	2.000	03/05/2020	8,278,000.00	1,462	8,278,000.00	2.056	2.085	339
3137EADR7	17303	TREAS	FAC	FEDERAL HOME	05/06/2015	9,973,340.95	1.375	05/01/2020	10,000,000.00	1,822	10,000,000.00	1.610	1.632	396
3137EADR7	17309	TREAS	FAC	FEDERAL HOME	05/08/2015	9,971,819.07	1.375	05/01/2020	10,000,000.00	1,820	10,000,000.00	1.624	1.647	396
037833BD1	17348	TREAS	MTN	APPLE INC	12/28/2015	9,999,042.73	2.000	05/06/2020	10,000,000.00	1,591	10,000,000.00	1.981	2.009	401
912828ND8	17345	TREAS	TRC	US TREASURY NOTE	12/23/2015	40,804,273.75	3.500	05/15/2020	40,000,000.00	1,605	40,000,000.00	1.614	1.637	410
3134G44G0	17328	TREAS	FAC	FEDERAL HOME	10/29/2015	4,998,677.45	1.500	05/22/2020	5,000,000.00	1,667	5,000,000.00	1.503	1.524	417
912828XE5	17416	TREAS	TRC	US TREASURY NOTE	11/15/2016	15,015,829.83	1.500	05/31/2020	15,000,000.00	1,293	15,000,000.00	1.388	1.407	426
912828XE5	17428	TREAS	TRC	US TREASURY NOTE	12/13/2016	39,961,062.25	1.500	05/31/2020	40,000,000.00	1,265	40,000,000.00	1.564	1.586	426
313383HU8	17315	TREAS	FAC	FEDERAL HOME LOAN	06/12/2015	19,999,770.13	1.750	06/12/2020	20,000,000.00	1,827	20,000,000.00	1.727	1.751	438
313383HU8	17317	TREAS	FAC	FEDERAL HOME LOAN	06/26/2015	12,604,064.98	1.750	06/12/2020	12,615,000.00	1,813	12,615,000.00	1.801	1.826	438
3133EEW55	17316	TREAS	FAC	FEDERAL FARM CREDIT	06/15/2015	9,990,034.88	1.800	06/15/2020	10,000,000.00	1,827	10,000,000.00	1.861	1.887	441
3135G0D75	17327	TREAS	FAC	FEDERAL NATIONAL	10/29/2015	19,991,723.01	1.500	06/22/2020	20,000,000.00	1,698	20,000,000.00	1.514	1.535	448
3135G0D75	17331	TREAS	FAC	FEDERAL NATIONAL	10/30/2015	5,945,150.71	1.500	06/22/2020	5,950,000.00	1,697	5,950,000.00	1.548	1.569	448
3135G0D75	17333	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	4,992,583.90	1.500	06/22/2020	5,000,000.00	1,692	5,000,000.00	1.604	1.626	448
3135G0D75	17334	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	4,992,531.03	1.500	06/22/2020	5,000,000.00	1,692	5,000,000.00	1.605	1.627	448
3135G0D75	17336	TREAS	FAC	FEDERAL NATIONAL	11/06/2015	4,989,504.41	1.500	06/22/2020	5,000,000.00	1,690	5,000,000.00	1.656	1.679	448
3135G0D75	17338	TREAS	FAC	FEDERAL NATIONAL	12/17/2015	29,903,628.61	1.500	06/22/2020	30,000,000.00	1,649	30,000,000.00	1.750	1.774	448
3135G0D75	17339	TREAS	FAC	FEDERAL NATIONAL	12/17/2015	19,931,301.70	1.500	06/22/2020	20,000,000.00	1,649	20,000,000.00	1.769	1.793	448
3135G0D75	17340	TREAS	FAC	FEDERAL NATIONAL	12/22/2015	9,976,273.11	1.500	06/22/2020	10,000,000.00	1,644	10,000,000.00	1.679	1.702	448
3135G0D75	17343	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	9,974,395.31	1.500	06/22/2020	10,000,000.00	1,643	10,000,000.00	1.695	1.718	448
912828XM7	17433	TREAS	TRC	US TREASURY NOTE	12/22/2016	39,938,755.22	1.625	07/31/2020	40,000,000.00	1,317	40,000,000.00	1.720	1.744	487
912828XM7	17435	TREAS	TRC	US TREASURY NOTE	12/28/2016	39,928,027.27	1.625	07/31/2020	40,000,000.00	1,311	40,000,000.00	1.740	1.765	487
06406HDD8	17347	TREAS	MTN	BANK OF NEW YORK	12/28/2015	5,011,515.88	2.600	08/17/2020	5,000,000.00	1,694	5,000,000.00	2.389	2.422	504

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM 360	YTM 365	Days to Maturity
912828L65	17436	TREAS	TRC	US TREASURY NOTE	12/28/2016	29,807,156.52	1.375	09/30/2020	30,000,000.00	1,372	30,000,000.00	1.795	1.820	548
13063DDE5	17518	TREAS	MUN	STATE OF CALIFORNIA	12/11/2017	25,090,089.11	2.300	10/01/2020	25,000,000.00	1,025	25,000,000.00	2.023	2.051	549
46625HNX4	17361	TREAS	MTN	JP MORGAN	03/04/2016	6,182,970.24	2.550	10/29/2020	6,181,000.00	1,700	6,181,000.00	2.493	2.528	577
3135G0RM7	17330	TREAS	FAC	FEDERAL NATIONAL	10/30/2015	10,068,204.60	1.630	10/30/2020	10,060,000.00	1,827	10,060,000.00	1.555	1.576	578
166764AY6	17346	TREAS	MTN	CHEVRON CORP	12/28/2015	9,992,037.86	2.419	11/17/2020	10,000,000.00	1,786	10,000,000.00	2.437	2.471	596
313381CA1	17372	TREAS	FAC	FEDERAL HOME LOAN	04/21/2016	5,000,482.16	1.375	12/11/2020	5,000,000.00	1,695	5,000,000.00	1.350	1.369	620
3135G0H55	17374	TREAS	FAC	FEDERAL NATIONAL	05/20/2016	10,076,934.19	1.875	12/28/2020	10,000,000.00	1,683	10,000,000.00	1.398	1.417	637
912828N48	17429	TREAS	TRC	US TREASURY NOTE	12/16/2016	39,886,178.86	1.750	12/31/2020	40,000,000.00	1,476	40,000,000.00	1.893	1.919	640
24422ETF6	17362	TREAS	MTN	JOHN DEERE	03/04/2016	5,033,411.45	2.550	01/08/2021	5,000,000.00	1,771	5,000,000.00	2.121	2.150	648
3130AAX45	17460	TREAS	FAC	FEDERAL HOME LOAN	03/28/2017	15,028,219.86	1.875	01/28/2021	15,000,000.00	1,402	15,000,000.00	1.744	1.768	668
91159HHL7	17395	TREAS	MTN	US BANK NA	08/22/2016	5,058,665.83	2.350	01/29/2021	5,000,000.00	1,621	5,000,000.00	1.658	1.681	669
91159HHL7	17426	TREAS	MTN	US BANK NA	12/13/2016	4,643,787.72	2.350	01/29/2021	4,634,000.00	1,508	4,634,000.00	2.198	2.228	669
91159HHL7	17431	TREAS	MTN	US BANK NA	12/22/2016	4,994,522.61	2.350	01/29/2021	5,000,000.00	1,499	5,000,000.00	2.380	2.413	669
91159HHL7	17432	TREAS	MTN	US BANK NA	12/22/2016	7,514,426.67	2.350	01/29/2021	7,522,000.00	1,499	7,522,000.00	2.375	2.408	669
91159HHL7	17458	TREAS	MTN	US BANK NA	03/22/2017	10,004,222.21	2.350	01/29/2021	10,000,000.00	1,409	10,000,000.00	2.293	2.325	669
91159HHL7	17482	TREAS	MTN	US BANK NA	06/27/2017	4,827,532.04	2.350	01/29/2021	4,803,000.00	1,312	4,803,000.00	2.030	2.058	669
313376XN0	17364	TREAS	FAC	FEDERAL HOME LOAN	03/03/2016	827,949.89	2.100	02/08/2021	820,000.00	1,803	820,000.00	1.533	1.554	679
3133EFYZ4	17359	TREAS	FAC	FEDERAL FARM CREDIT	02/29/2016	17,780,569.78	1.375	02/10/2021	17,800,000.00	1,808	17,800,000.00	1.416	1.436	681
3130A7CV5	17363	TREAS	FAC	FEDERAL HOME LOAN	03/03/2016	4,986,370.87	1.375	02/18/2021	5,000,000.00	1,813	5,000,000.00	1.505	1.526	689
3130A7CV5	17371	TREAS	FAC	FEDERAL HOME LOAN	04/21/2016	9,994,894.24	1.375	02/18/2021	10,000,000.00	1,764	10,000,000.00	1.384	1.403	689
3130A7CV5	17376	TREAS	FAC	FEDERAL HOME LOAN	05/20/2016	4,991,656.41	1.375	02/18/2021	5,000,000.00	1,735	5,000,000.00	1.447	1.467	689
3130A7CV5	17379	TREAS	FAC	FEDERAL HOME LOAN	05/25/2016	9,978,986.37	1.375	02/18/2021	10,000,000.00	1,730	10,000,000.00	1.471	1.491	689
3130A7CV5	17388	TREAS	FAC	FEDERAL HOME LOAN	08/08/2016	10,036,699.21	1.375	02/18/2021	10,000,000.00	1,655	10,000,000.00	1.158	1.174	689
3130A7CV5	17457	TREAS	FAC	FEDERAL HOME LOAN	03/20/2017	19,823,364.55	1.375	02/18/2021	20,000,000.00	1,431	20,000,000.00	1.838	1.864	689
037833BS8	17443	TREAS	MTN	APPLE INC	01/19/2017	10,000,000.00	2.250	02/23/2021	10,000,000.00	1,496	10,000,000.00	2.219	2.250	694
06406FAB9	17490	TREAS	MTN	BANK OF NEW YORK	07/18/2017	7,463,970.11	2.050	05/03/2021	7,500,000.00	1,385	7,500,000.00	2.260	2.291	763
3135G0K69	17380	TREAS	FAC	FEDERAL NATIONAL	05/25/2016	9,945,047.36	1.250	05/06/2021	10,000,000.00	1,807	10,000,000.00	1.502	1.523	766
3135G0K69	17402	TREAS	FAC	FEDERAL NATIONAL	09/28/2016	25,007,590.87	1.250	05/06/2021	25,000,000.00	1,681	25,000,000.00	1.218	1.235	766
3135G0K69	17412	TREAS	FAC	FEDERAL NATIONAL	11/02/2016	9,973,649.38	1.250	05/06/2021	10,000,000.00	1,646	10,000,000.00	1.361	1.380	766
3135G0K69	17413	TREAS	FAC	FEDERAL NATIONAL	11/14/2016	7,955,374.44	1.250	05/06/2021	8,000,000.00	1,634	8,000,000.00	1.505	1.526	766
3135G0K69	17421	TREAS	FAC	FEDERAL NATIONAL	12/02/2016	24,669,159.97	1.250	05/06/2021	25,000,000.00	1,616	25,000,000.00	1.885	1.911	766
166764BG4	17471	TREAS	MTN	CHEVRON CORP	04/25/2017	19,995,078.03	2.100	05/16/2021	20,000,000.00	1,482	20,000,000.00	2.083	2.112	776
912828WN6	17434	TREAS	TRC	US TREASURY NOTE	12/28/2016	40,003,826.43	2.000	05/31/2021	40,000,000.00	1,615	40,000,000.00	1.968	1.995	791
3130A1W95	17386	TREAS	FAC	FEDERAL HOME LOAN	07/15/2016	30,636,544.96	2.250	06/11/2021	30,000,000.00	1,792	30,000,000.00	1.233	1.250	802
313379RB7	17392	TREAS	FAC	FEDERAL HOME LOAN	08/17/2016	10,120,388.89	1.875	06/11/2021	10,000,000.00	1,759	10,000,000.00	1.289	1.307	802
3130A1W95	17420	TREAS	FAC	FEDERAL HOME LOAN	11/29/2016	18,629,055.90	2.250	06/11/2021	18,470,000.00	1,655	18,470,000.00	1.814	1.839	802
313379RB7	17466	TREAS	FAC	FEDERAL HOME LOAN	04/11/2017	15,009,085.00	1.875	06/11/2021	15,000,000.00	1,522	15,000,000.00	1.821	1.846	802
3130AB3M6	17465	TREAS	FAC	FEDERAL HOME LOAN	04/10/2017	5,002,395.07	1.875	06/30/2021	5,000,000.00	1,542	5,000,000.00	1.828	1.853	821
3130A8QS5	17389	TREAS	FAC	FEDERAL HOME LOAN	08/08/2016	14,960,518.24	1.125	07/14/2021	15,000,000.00	1,801	15,000,000.00	1.227	1.244	835
3130A8QS5	17399	TREAS	FAC	FEDERAL HOME LOAN	08/29/2016	3,938,085.31	1.125	07/14/2021	3,955,000.00	1,780	3,955,000.00	1.301	1.319	835

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM 360	YTM 365	Days to Maturity
3130A8QS5	17400	TREAS	FAC	FEDERAL HOME LOAN	09/13/2016	14,931,772.78	1.125	07/14/2021	15,000,000.00	1,765	15,000,000.00	1.313	1.331	835
3130A8QS5	17403	TREAS	FAC	FEDERAL HOME LOAN	09/28/2016	9,974,532.39	1.125	07/14/2021	10,000,000.00	1,750	10,000,000.00	1.223	1.240	835
3130A8QS5	17408	TREAS	FAC	FEDERAL HOME LOAN	10/13/2016	9,934,915.18	1.125	07/14/2021	10,000,000.00	1,735	10,000,000.00	1.401	1.420	835
3130A8QS5	17414	TREAS	FAC	FEDERAL HOME LOAN	11/14/2016	9,910,944.54	1.125	07/14/2021	10,000,000.00	1,703	10,000,000.00	1.509	1.530	835
3130A8QS5	17464	TREAS	FAC	FEDERAL HOME LOAN	04/06/2017	19,701,136.17	1.125	07/14/2021	20,000,000.00	1,560	20,000,000.00	1.782	1.807	835
949746SA0	17445	TREAS	MTN	WELLS FARGO	01/25/2017	9,843,559.84	2.100	07/26/2021	10,000,000.00	1,643	10,000,000.00	2.784	2.823	847
3134G9M79	17463	TREAS	FAC	FEDERAL HOME	04/06/2017	4,409,290.54	1.875	07/26/2021	4,410,000.00	1,572	4,410,000.00	1.856	1.882	847
949746SA0	17467	TREAS	MTN	WELLS FARGO	04/17/2017	4,959,633.53	2.100	07/26/2021	5,000,000.00	1,561	5,000,000.00	2.435	2.469	847
949746SA0	17477	TREAS	MTN	WELLS FARGO	05/15/2017	13,123,194.60	2.100	07/26/2021	13,232,000.00	1,533	13,232,000.00	2.441	2.475	847
949746SA0	17491	TREAS	MTN	WELLS FARGO	07/18/2017	12,187,722.46	2.100	07/26/2021	12,275,000.00	1,469	12,275,000.00	2.390	2.424	847
3134G9N86	17476	TREAS	FAC	FEDERAL HOME	05/11/2017	6,166,597.55	1.875	07/27/2021	6,170,000.00	1,538	6,170,000.00	1.874	1.900	848
3133752P1	17405	TREAS	FAC	FEDERAL HOME LOAN	10/05/2016	5,976,348.62	3.500	07/29/2021	5,700,000.00	1,758	5,700,000.00	1.324	1.342	850
037833CC2	17425	TREAS	MTN	APPLE INC	12/13/2016	4,925,184.38	1.550	08/04/2021	5,000,000.00	1,695	5,000,000.00	2.195	2.226	856
594918BP8	17394	TREAS	MTN	MICROSOFT	08/22/2016	14,995,233.85	1.550	08/08/2021	15,000,000.00	1,812	15,000,000.00	1.543	1.564	860
594918BP8	17424	TREAS	MTN	MICROSOFT	12/13/2016	4,929,205.97	1.550	08/08/2021	5,000,000.00	1,699	5,000,000.00	2.156	2.186	860
14912L6U0	17401	TREAS	MTN	CATERPILLAR	09/16/2016	15,213,521.12	1.700	08/09/2021	15,294,000.00	1,788	15,294,000.00	1.909	1.935	861
3137EAEC9	17393	TREAS	FAC	FEDERAL HOME	08/17/2016	9,954,961.00	1.125	08/12/2021	10,000,000.00	1,821	10,000,000.00	1.304	1.322	864
3135G0N82	17396	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,989,994.18	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.276	1.294	869
3135G0N82	17397	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,979,940.49	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.319	1.337	869
3135G0N82	17398	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,975,296.64	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.339	1.358	869
3135G0Q89	17406	TREAS	FAC	FEDERAL NATIONAL	10/07/2016	19,983,490.67	1.375	10/07/2021	20,000,000.00	1,826	20,000,000.00	1.390	1.409	920
3135G0Q89	17407	TREAS	FAC	FEDERAL NATIONAL	10/13/2016	9,970,204.01	1.375	10/07/2021	10,000,000.00	1,820	10,000,000.00	1.478	1.498	920
3135G0Q89	17409	TREAS	FAC	FEDERAL NATIONAL	10/27/2016	4,990,685.51	1.375	10/07/2021	5,000,000.00	1,806	5,000,000.00	1.432	1.452	920
3133EGYQ2	17410	TREAS	FAC	FEDERAL FARM CREDIT	10/27/2016	9,986,092.97	1.400	10/14/2021	10,000,000.00	1,813	10,000,000.00	1.437	1.457	927
24422ERH4	17427	TREAS	MTN	JOHN DEERE	12/13/2016	8,857,712.37	3.150	10/15/2021	8,707,000.00	1,767	8,707,000.00	2.390	2.423	928
36962G5J9	17511	TREAS	MTN	G.E. CAPITAL	11/16/2017	10,533,630.05	4.650	10/17/2021	10,000,000.00	1,431	10,000,000.00	2.404	2.438	930
3133EGZJ7	17411	TREAS	FAC	FEDERAL FARM CREDIT	10/27/2016	9,979,767.59	1.375	10/25/2021	10,000,000.00	1,824	10,000,000.00	1.437	1.457	938
3135G0S38	17440	TREAS	FAC	FEDERAL NATIONAL	01/09/2017	19,974,928.62	2.000	01/05/2022	20,000,000.00	1,822	20,000,000.00	2.020	2.048	1,010
3135G0S38	17441	TREAS	FAC	FEDERAL NATIONAL	01/09/2017	9,986,946.28	2.000	01/05/2022	10,000,000.00	1,822	10,000,000.00	2.022	2.050	1,010
3135G0S38	17459	TREAS	FAC	FEDERAL NATIONAL	03/28/2017	10,003,878.74	2.000	01/05/2022	10,000,000.00	1,744	10,000,000.00	1.958	1.985	1,010
3135G0S38	17480	TREAS	FAC	FEDERAL NATIONAL	06/02/2017	5,022,128.11	2.000	01/05/2022	5,000,000.00	1,678	5,000,000.00	1.807	1.832	1,010
3135G0S38	17481	TREAS	FAC	FEDERAL NATIONAL	06/12/2017	5,022,006.06	2.000	01/05/2022	5,000,000.00	1,668	5,000,000.00	1.808	1.833	1,010
91159HHP8	17483	TREAS	MTN	US BANK NA	06/27/2017	20,189,560.78	2.625	01/24/2022	20,000,000.00	1,672	20,000,000.00	2.237	2.268	1,029
3133EG5D3	17447	TREAS	FAC	FEDERAL FARM CREDIT	01/27/2017	50,000,000.00	2.030	01/27/2022	50,000,000.00	1,826	50,000,000.00	2.002	2.030	1,032
3136G2CS4	17461	TREAS	FAC	FEDERAL NATIONAL	03/28/2017	5,001,976.56	2.000	01/27/2022	5,000,000.00	1,766	5,000,000.00	1.958	1.985	1,032
084670BF4	17520	TREAS	MTN	BERKSHIRE HATHAWAY	12/14/2017	15,420,183.21	3.400	01/31/2022	15,000,000.00	1,509	15,000,000.00	2.323	2.355	1,036
594918BW3	17449	TREAS	MTN	MICROSOFT	02/21/2017	6,721,748.45	2.400	02/06/2022	6,725,000.00	1,811	6,725,000.00	2.385	2.418	1,042
594918BW3	17525	TREAS	MTN	MICROSOFT	12/21/2017	17,375,000.00	2.400	02/06/2022	17,375,000.00	1,508	17,375,000.00	2.367	2.400	1,042
06406RAA5	17469	TREAS	MTN	BANK OF NEW YORK	04/18/2017	10,047,276.70	2.600	02/07/2022	10,000,000.00	1,756	10,000,000.00	2.390	2.423	1,043
037833CM0	17448	TREAS	MTN	APPLE INC	02/21/2017	14,978,784.56	2.500	02/09/2022	15,000,000.00	1,814	15,000,000.00	2.518	2.553	1,045

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM 360	YTM 365	Days to Maturity
037833AY6	17470	TREAS	MTN	APPLE INC	04/18/2017	9,987,785.57	2.150	02/09/2022	10,000,000.00	1,758	10,000,000.00	2.165	2.195	1,045
594918BA1	17450	TREAS	MTN	MICROSOFT	02/21/2017	6,442,544.33	2.375	02/12/2022	6,450,000.00	1,817	6,450,000.00	2.385	2.418	1,048
13063DAD0	17472	TREAS	MUN	STATE OF CALIFORNIA	04/27/2017	5,000,000.00	2.367	04/01/2022	5,000,000.00	1,800	5,000,000.00	2.335	2.367	1,096
13063DAD0	17473	TREAS	MUN	STATE OF CALIFORNIA	04/27/2017	10,534,902.14	2.367	04/01/2022	10,500,000.00	1,800	10,500,000.00	2.219	2.249	1,096
13063DAD0	17474	TREAS	MUN	STATE OF CALIFORNIA	05/03/2017	8,018,228.05	2.367	04/01/2022	8,000,000.00	1,794	8,000,000.00	2.255	2.286	1,096
037833CQ1	17475	TREAS	MTN	APPLE INC	05/11/2017	19,970,133.33	2.300	05/11/2022	20,000,000.00	1,826	20,000,000.00	2.319	2.351	1,136
3133EHJT1	17479	TREAS	FAC	FEDERAL FARM CREDIT	05/18/2017	4,996,431.17	2.000	05/18/2022	5,000,000.00	1,826	5,000,000.00	1.996	2.024	1,143
3130ACUZ5	17513	TREAS	FAC	FEDERAL HOME LOAN	11/24/2017	22,984,879.35	2.060	05/24/2022	23,000,000.00	1,642	23,000,000.00	2.053	2.082	1,149
3130ACXH2	17567	TREAS	FAC	FEDERAL HOME LOAN	12/04/2017	24,940,818.72	2.020	05/25/2022	25,000,000.00	1,633	25,000,000.00	2.070	2.099	1,150
912828XR6	17497	TREAS	TRC	US TREASURY NOTE	09/27/2017	19,944,976.57	1.750	05/31/2022	20,000,000.00	1,707	20,000,000.00	1.816	1.841	1,156
313379Q69	17485	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	5,035,301.77	2.125	06/10/2022	5,000,000.00	1,808	5,000,000.00	1.866	1.892	1,166
313379Q69	17486	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	5,035,334.01	2.125	06/10/2022	5,000,000.00	1,808	5,000,000.00	1.866	1.892	1,166
313379Q69	17487	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	3,847,450.85	2.125	06/10/2022	3,820,000.00	1,808	3,820,000.00	1.862	1.888	1,166
313379Q69	17488	TREAS	FAC	FEDERAL HOME LOAN	07/07/2017	13,519,669.66	2.125	06/10/2022	13,470,000.00	1,799	13,470,000.00	1.976	2.003	1,166
313379Q69	17498	TREAS	FAC	FEDERAL HOME LOAN	09/27/2017	20,148,901.71	2.125	06/10/2022	20,000,000.00	1,717	20,000,000.00	1.854	1.880	1,166
313379Q69	17516	TREAS	FAC	FEDERAL HOME LOAN	12/01/2017	1,999,511.90	2.125	06/10/2022	2,000,000.00	1,652	2,000,000.00	2.104	2.133	1,166
313379Q69	17527	TREAS	FAC	FEDERAL HOME LOAN	12/20/2017	1,894,098.85	2.125	06/10/2022	1,900,000.00	1,633	1,900,000.00	2.197	2.228	1,166
3130A5P45	17528	TREAS	FAC	FEDERAL HOME LOAN	12/20/2017	1,933,562.93	2.375	06/10/2022	1,925,000.00	1,633	1,925,000.00	2.197	2.228	1,166
3133EEY20	17495	TREAS	FAC	FEDERAL FARM CREDIT	09/21/2017	10,144,195.08	2.400	06/17/2022	10,000,000.00	1,730	10,000,000.00	1.901	1.928	1,173
3130ACM27	17502	TREAS	FAC	FEDERAL HOME LOAN	10/12/2017	14,989,435.93	1.950	07/11/2022	15,000,000.00	1,733	15,000,000.00	1.946	1.973	1,197
3130ACM27	17509	TREAS	FAC	FEDERAL HOME LOAN	10/19/2017	4,447,432.78	1.950	07/11/2022	4,455,000.00	1,726	4,455,000.00	1.977	2.005	1,197
91159JAA4	17529	TREAS	MTN	US BANK NA	12/21/2017	10,108,181.80	2.950	07/15/2022	10,004,000.00	1,667	10,004,000.00	2.570	2.606	1,201
3130ACKC7	17500	TREAS	FAC	FEDERAL HOME LOAN	10/18/2017	50,000,000.00	1.950	07/18/2022	50,000,000.00	1,734	50,000,000.00	1.924	1.950	1,204
95000U2B8	17508	TREAS	MTN	WELLS FARGO	10/20/2017	4,998,399.94	2.625	07/22/2022	5,000,000.00	1,736	5,000,000.00	2.599	2.635	1,208
3130ACYP3	17515	TREAS	FAC	FEDERAL HOME LOAN	12/05/2017	19,987,009.95	2.100	07/27/2022	20,000,000.00	1,695	20,000,000.00	2.092	2.121	1,213
3130ACUV4	17512	TREAS	FAC	FEDERAL HOME LOAN	11/30/2017	50,000,000.00	2.070	07/29/2022	50,000,000.00	1,702	50,000,000.00	2.042	2.070	1,215
3130ACUV4	17517	TREAS	FAC	FEDERAL HOME LOAN	12/06/2017	8,863,594.07	2.070	07/29/2022	8,890,000.00	1,696	8,890,000.00	2.135	2.165	1,215
3130AC5A8	17494	TREAS	FAC	FEDERAL HOME LOAN	09/19/2017	9,985,055.29	1.850	08/15/2022	10,000,000.00	1,791	10,000,000.00	1.870	1.896	1,232
3130AC5A8	17496	TREAS	FAC	FEDERAL HOME LOAN	09/27/2017	9,257,416.89	1.850	08/15/2022	9,280,000.00	1,783	9,280,000.00	1.899	1.926	1,232
3133EHVS9	17499	TREAS	FAC	FEDERAL FARM CREDIT	09/28/2017	5,476,581.22	1.840	08/23/2022	5,500,000.00	1,790	5,500,000.00	1.945	1.972	1,240
912828L24	17510	TREAS	TRC	US TREASURY NOTE	10/23/2017	19,910,913.71	1.875	08/31/2022	20,000,000.00	1,773	20,000,000.00	1.985	2.012	1,248
13063DDF2	17504	TREAS	MUN	STATE OF CALIFORNIA	10/26/2017	10,098,883.38	2.500	10/01/2022	10,000,000.00	1,801	10,000,000.00	2.170	2.200	1,279
13063DDF2	17505	TREAS	MUN	STATE OF CALIFORNIA	10/26/2017	10,098,883.38	2.500	10/01/2022	10,000,000.00	1,801	10,000,000.00	2.170	2.200	1,279
13063DDF2	17519	TREAS	MUN	STATE OF CALIFORNIA	12/14/2017	20,045,526.35	2.500	10/01/2022	20,000,000.00	1,752	20,000,000.00	2.397	2.430	1,279
13063DDF2	17532	TREAS	MUN	STATE OF CALIFORNIA	01/16/2018	4,987,771.68	2.500	10/01/2022	5,000,000.00	1,719	5,000,000.00	2.539	2.574	1,279
3135G0T78	17501	TREAS	FAC	FEDERAL NATIONAL	10/10/2017	19,984,620.75	2.000	10/05/2022	20,000,000.00	1,821	20,000,000.00	1.995	2.023	1,283
3135G0T78	17503	TREAS	FAC	FEDERAL NATIONAL	10/12/2017	14,986,993.42	2.000	10/05/2022	15,000,000.00	1,819	15,000,000.00	1.998	2.026	1,283
3135G0T78	17531	TREAS	FAC	FEDERAL NATIONAL	01/11/2018	4,937,371.17	2.000	10/05/2022	5,000,000.00	1,728	5,000,000.00	2.346	2.379	1,283
89233P7F7	17538	TREAS	MTN	TOYOTA MOTOR CREDIT	03/01/2018	4,925,258.89	2.625	01/10/2023	5,000,000.00	1,776	5,000,000.00	3.012	3.054	1,380
89236TEL5	17539	TREAS	MTN	TOYOTA MOTOR CREDIT	03/01/2018	4,938,279.31	2.700	01/11/2023	5,000,000.00	1,777	5,000,000.00	3.012	3.054	1,381

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM 360	YTM 365	Days to Maturity
89236TEL5	17542	TREAS	MTN	TOYOTA MOTOR CREDIT	04/02/2018	19,697,303.08	2.700	01/11/2023	20,000,000.00	1,745	20,000,000.00	3.091	3.134	1,381
037833DE7	17541	TREAS	MTN	APPLE INC	03/01/2018	2,442,286.03	2.400	01/13/2023	2,500,000.00	1,779	2,500,000.00	3.018	3.060	1,383
3133EH7F4	17557	TREAS	FAC	FEDERAL FARM CREDIT	04/19/2018	19,555,114.03	2.350	01/17/2023	19,869,000.00	1,734	19,869,000.00	2.759	2.797	1,387
3135G0T94	17533	TREAS	FAC	FEDERAL NATIONAL	01/23/2018	49,772,825.17	2.375	01/19/2023	50,000,000.00	1,822	50,000,000.00	2.469	2.503	1,389
90331HNL3	17534	TREAS	MTN	US BANK NA	01/24/2018	9,985,891.05	2.850	01/23/2023	10,000,000.00	1,825	10,000,000.00	2.850	2.890	1,393
90331HNL3	17537	TREAS	MTN	US BANK NA	03/01/2018	4,950,181.29	2.850	01/23/2023	5,000,000.00	1,789	5,000,000.00	3.091	3.134	1,393
90331HNL3	17556	TREAS	MTN	US BANK NA	04/20/2018	9,889,479.11	2.850	01/23/2023	10,000,000.00	1,739	10,000,000.00	3.121	3.164	1,393
46625HJH4	17559	TREAS	MTN	JP MORGAN	04/26/2018	9,876,428.44	3.200	01/25/2023	10,000,000.00	1,735	10,000,000.00	3.505	3.554	1,395
3133EJBP3	17535	TREAS	FAC	FEDERAL FARM CREDIT	02/07/2018	9,966,863.69	2.500	02/02/2023	10,000,000.00	1,821	10,000,000.00	2.557	2.593	1,403
3133EJBP3	17536	TREAS	FAC	FEDERAL FARM CREDIT	02/28/2018	50,701,578.13	2.500	02/02/2023	51,180,000.00	1,800	51,180,000.00	2.724	2.762	1,403
037833BU3	17540	TREAS	MTN	APPLE INC	03/01/2018	9,923,328.13	2.850	02/23/2023	10,000,000.00	1,820	10,000,000.00	3.022	3.064	1,424
594918AT1	17580	TREAS	MTN	MICROSOFT	06/22/2018	9,703,966.04	2.375	05/01/2023	10,000,000.00	1,774	10,000,000.00	3.119	3.162	1,491
037833AK6	17563	TREAS	MTN	APPLE INC	05/03/2018	4,835,463.11	2.400	05/03/2023	5,000,000.00	1,826	5,000,000.00	3.234	3.279	1,493
037833AK6	17564	TREAS	MTN	APPLE INC	05/03/2018	4,835,299.56	2.400	05/03/2023	5,000,000.00	1,826	5,000,000.00	3.235	3.280	1,493
037833AK6	17581	TREAS	MTN	APPLE INC	06/22/2018	9,682,229.58	2.400	05/03/2023	10,000,000.00	1,776	10,000,000.00	3.202	3.246	1,493
166764BK5	17571	TREAS	MTN	CHEVRON CORP	06/08/2018	9,717,975.28	2.566	05/16/2023	10,000,000.00	1,803	10,000,000.00	3.267	3.313	1,506
166764BK5	17579	TREAS	MTN	CHEVRON CORP	06/22/2018	4,868,180.99	2.566	05/16/2023	5,000,000.00	1,789	5,000,000.00	3.217	3.262	1,506
166764BK5	17585	TREAS	MTN	CHEVRON CORP	07/25/2018	6,116,890.12	2.566	05/16/2023	6,288,000.00	1,756	6,288,000.00	3.239	3.284	1,506
166764BK5	17626	TREAS	MTN	CHEVRON CORP	03/04/2019	7,933,046.08	2.566	05/16/2023	7,966,000.00	1,534	7,966,000.00	2.833	2.872	1,506
3130AEEW6	17572	TREAS	FAC	FEDERAL HOME LOAN	06/07/2018	21,042,033.63	2.760	05/30/2023	21,150,000.00	1,818	21,150,000.00	2.853	2.893	1,520
3130AEAP5	17576	TREAS	FAC	FEDERAL HOME LOAN	05/30/2018	49,978,805.81	2.875	05/30/2023	50,000,000.00	1,826	50,000,000.00	2.846	2.886	1,520
931142EK5	17604	TREAS	MTN	WALMART	11/13/2018	9,956,349.97	3.400	06/26/2023	10,000,000.00	1,686	10,000,000.00	3.464	3.512	1,547
46632FPH2	17590	TREAS	MTN	JP MORGAN	08/14/2018	30,000,000.00	3.450	07/14/2023	30,000,000.00	1,795	30,000,000.00	3.403	3.450	1,565
3133EJUS6	17584	TREAS	FAC	FEDERAL FARM CREDIT	07/17/2018	19,997,766.89	2.875	07/17/2023	20,000,000.00	1,826	20,000,000.00	2.838	2.878	1,568
3133EJUS6	17589	TREAS	FAC	FEDERAL FARM CREDIT	07/25/2018	29,916,919.75	2.875	07/17/2023	30,000,000.00	1,818	30,000,000.00	2.904	2.945	1,568
3133EJUS6	17593	TREAS	FAC	FEDERAL FARM CREDIT	09/19/2018	9,938,640.35	2.875	07/17/2023	10,000,000.00	1,762	10,000,000.00	2.988	3.029	1,568
3133EJUS6	17607	TREAS	FAC	FEDERAL FARM CREDIT	12/20/2018	2,921,789.36	2.875	07/17/2023	2,910,000.00	1,670	2,910,000.00	2.736	2.774	1,568
3133EJUS6	17615	TREAS	FAC	FEDERAL FARM CREDIT	01/18/2019	20,159,157.44	2.875	07/17/2023	20,000,000.00	1,641	20,000,000.00	2.642	2.679	1,568
90331HNV1	17586	TREAS	MTN	US BANK NA	07/25/2018	9,988,950.31	3.400	07/24/2023	10,000,000.00	1,825	10,000,000.00	3.381	3.428	1,575
90331HNV1	17587	TREAS	MTN	US BANK NA	07/25/2018	1,497,403.75	3.400	07/24/2023	1,500,000.00	1,825	1,500,000.00	3.397	3.444	1,575
90331HNV1	17588	TREAS	MTN	US BANK NA	07/25/2018	1,248,273.49	3.400	07/24/2023	1,250,000.00	1,825	1,250,000.00	3.388	3.435	1,575
3133EJK57	17606	TREAS	FAC	FEDERAL FARM CREDIT	12/20/2018	17,208,638.13	3.080	07/24/2023	17,000,000.00	1,677	17,000,000.00	2.737	2.775	1,575
3130AFBD8	17608	TREAS	FAC	FEDERAL HOME LOAN	12/20/2018	12,676,914.21	3.125	07/25/2023	12,500,000.00	1,678	12,500,000.00	2.736	2.774	1,576
3133EJ4G1	17610	TREAS	FAC	FEDERAL FARM CREDIT	12/28/2018	64,955,101.78	2.770	07/28/2023	65,000,000.00	1,673	65,000,000.00	2.749	2.787	1,579
911759MW5	17630	TREAS	TRC	US HOUSING AND URBAN	03/28/2019	3,500,000.00	2.618	08/01/2023	3,500,000.00	1,587	3,500,000.00	2.583	2.618	1,583
594918BQ6	17616	TREAS	MTN	MICROSOFT	02/07/2019	2,794,445.86	2.000	08/08/2023	2,880,000.00	1,643	2,880,000.00	2.693	2.730	1,590
594918BQ6	17617	TREAS	MTN	MICROSOFT	02/11/2019	19,436,228.57	2.000	08/08/2023	20,000,000.00	1,639	20,000,000.00	2.659	2.696	1,590
594918BQ6	17624	TREAS	MTN	MICROSOFT	03/04/2019	9,715,003.91	2.000	08/08/2023	10,000,000.00	1,618	10,000,000.00	2.698	2.735	1,590
594918BQ6	17625	TREAS	MTN	MICROSOFT	03/04/2019	4,857,678.91	2.000	08/08/2023	5,000,000.00	1,618	5,000,000.00	2.697	2.734	1,590
94988J5R4	17591	TREAS	MTN	WELLS FARGO	08/14/2018	9,985,755.61	3.550	08/14/2023	10,000,000.00	1,826	10,000,000.00	3.537	3.586	1,596

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM 360	YTM 365	Days to Maturity
94988J5R4	17602	TREAS	MTN	WELLS FARGO	11/13/2018	9,888,768.40	3.550	08/14/2023	10,000,000.00	1,735	10,000,000.00	3.778	3.830	1,596
3130AFRW9	17621	TREAS	FAC	FEDERAL HOME LOAN	02/28/2019	20,104,252.19	2.700	08/28/2023	20,000,000.00	1,642	20,000,000.00	2.539	2.574	1,610
3130AFRW9	17623	TREAS	FAC	FEDERAL HOME LOAN	03/01/2019	20,082,525.05	2.700	08/28/2023	20,000,000.00	1,641	20,000,000.00	2.570	2.606	1,610
3135G0U43	17631	TREAS	FAC	FEDERAL NATIONAL	03/27/2019	20,554,333.22	2.875	09/12/2023	20,000,000.00	1,630	20,000,000.00	2.214	2.245	1,625
89236TDK8	17628	TREAS	MTN	TOYOTA MOTOR CREDIT	03/07/2019	2,923,324.73	2.250	10/18/2023	3,000,000.00	1,686	3,000,000.00	3.021	3.063	1,661
3133EJ5W5	17618	TREAS	FAC	FEDERAL FARM CREDIT	02/26/2019	2,960,614.19	2.650	10/23/2023	2,945,000.00	1,700	2,945,000.00	2.548	2.583	1,666
3130AFQL4	17614	TREAS	FAC	FEDERAL HOME LOAN	01/18/2019	9,977,275.40	2.640	10/27/2023	10,000,000.00	1,743	10,000,000.00	2.662	2.699	1,670
3130AFQL4	17619	TREAS	FAC	FEDERAL HOME LOAN	02/26/2019	4,931,754.88	2.640	10/27/2023	4,905,000.00	1,704	4,905,000.00	2.548	2.583	1,670
3130A0F70	17613	TREAS	FAC	FEDERAL HOME LOAN	01/18/2019	10,318,538.86	3.375	12/08/2023	10,000,000.00	1,785	10,000,000.00	2.692	2.730	1,712
89236TFS9	17612	TREAS	MTN	TOYOTA MOTOR CREDIT	01/09/2019	12,186,134.44	3.350	01/08/2024	12,250,000.00	1,825	12,250,000.00	3.425	3.472	1,743
46632FPT6	17627	TREAS	MTN	JP MORGAN	03/06/2019	30,000,000.00	3.050	01/26/2024	30,000,000.00	1,787	30,000,000.00	3.009	3.050	1,761
594918BX1	17629	TREAS	MTN	MICROSOFT	03/07/2019	10,024,756.94	2.875	02/06/2024	10,000,000.00	1,797	10,000,000.00	2.835	2.875	1,772
3133EKBW5	17620	TREAS	FAC	FEDERAL FARM CREDIT	02/28/2019	20,019,551.75	2.610	02/27/2024	20,000,000.00	1,825	20,000,000.00	2.555	2.590	1,793
3133EKBW5	17622	TREAS	FAC	FEDERAL FARM CREDIT	03/01/2019	19,990,067.26	2.610	02/27/2024	20,000,000.00	1,824	20,000,000.00	2.591	2.627	1,793
					Subtotal and Average	**3,857,429,169.47**			**3,859,822,013.90**		**3,859,822,013.90**	**2.147**	**2.177**	**750**
					Net Maturities and Average	**3,857,429,169.47**			**3,859,822,013.90**		**3,859,822,013.90**	**2.147**	**2.177**	**750**

FTN FINANCIAL
MAIN STREET ADVISORS
A Subsidiary of First Tennessee Bank National Association

Quarterly Economic and Market Update

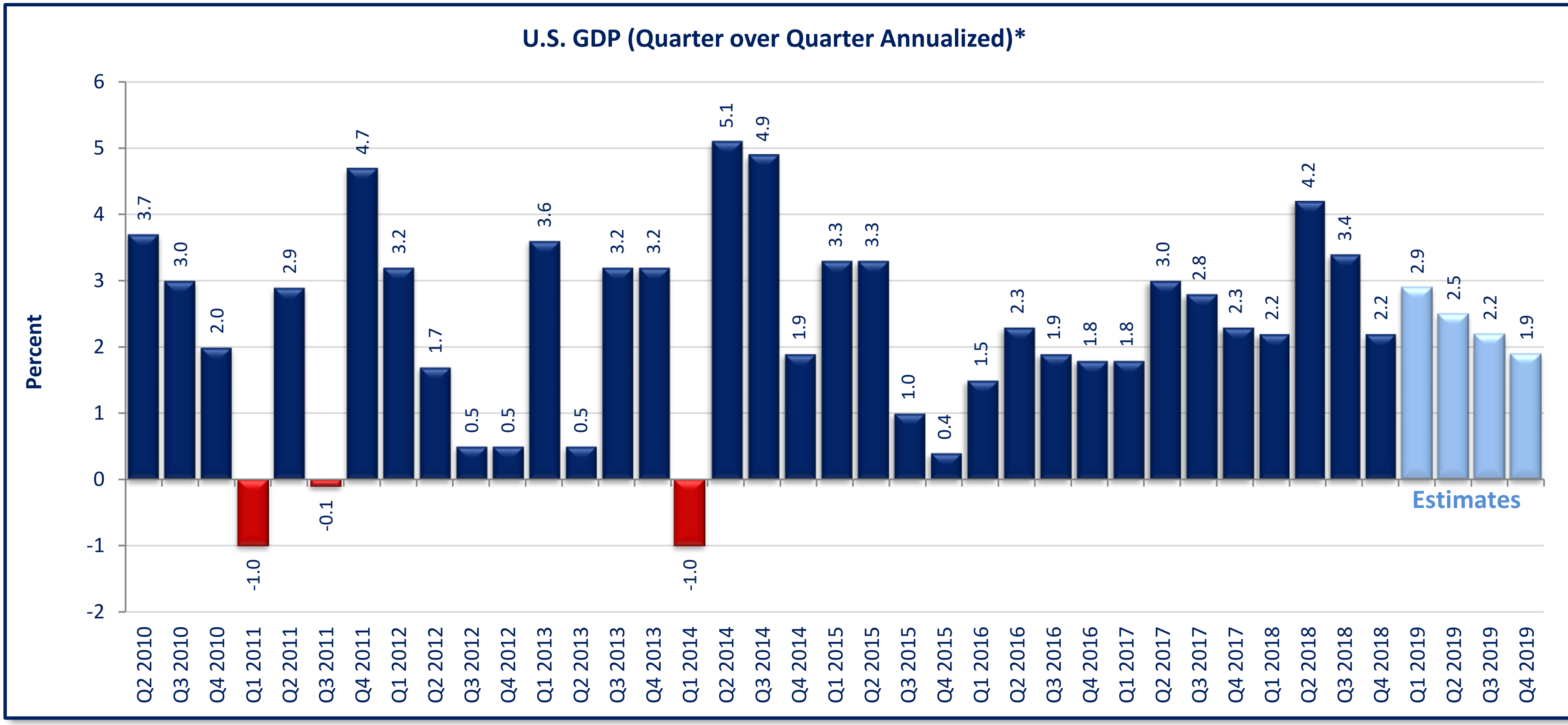
March 2019

Economic and Market Update
3/31/2019

Item	3/31/2019	12/31/2018	Change
U.S. Payrolls Monthly Change	196,000	227,000	(31,000)
Unemployment Rate	3.8%	3.9%	(0.1%)
Labor Force Participation	63.0%	63.1%	(0.1%)
Effective Fed Funds Rate	2.43%	2.40%	0.03%
3 Month T-Bill	2.39%	2.36%	0.03%
2 Year T-Note	2.26%	2.49%	(0.23%)
3 Year T-Note	2.21%	2.46%	(0.25%)
5 Year T-Note	2.23%	2.51%	(0.28%)
10 Year T-Note	2.41%	2.69%	(0.28%)
U.S. Fed Debt Avg Yield*	2.50%	2.46%	0.04%
30 Year Mortgage Rate	4.08%	4.51%	(0.43%)
1-5 Yr Agency Spread	0.04%	0.06%	(0.02%)
1-5 Yr A-AAA Corporate Spread	0.56%	0.58%	(0.02%)
Dow Jones	25,929	23,327	11.2%
S&P 500	2,834	2,507	13.1%
Consumer Price Index YOY*	1.6%	1.9%	(0.3%)
U.S. Avg Regular Unleaded	$2.69	$2.26	$0.44
Retail Sales YOY*	2.0%	1.6%	0.4%
Case-Shiller Home Prices YOY*	3.6%	4.1%	(0.6%)
Gold (per ounce)	$1,292.38	$1,282.49	$9.89
Dollar Index	97.28	96.17	1.11
Consumer Confidence	124.1	126.6	(2.5)

*Estimates for the current quarter/month, some data are lagged

Sources: FTN Main Street and Bloomberg

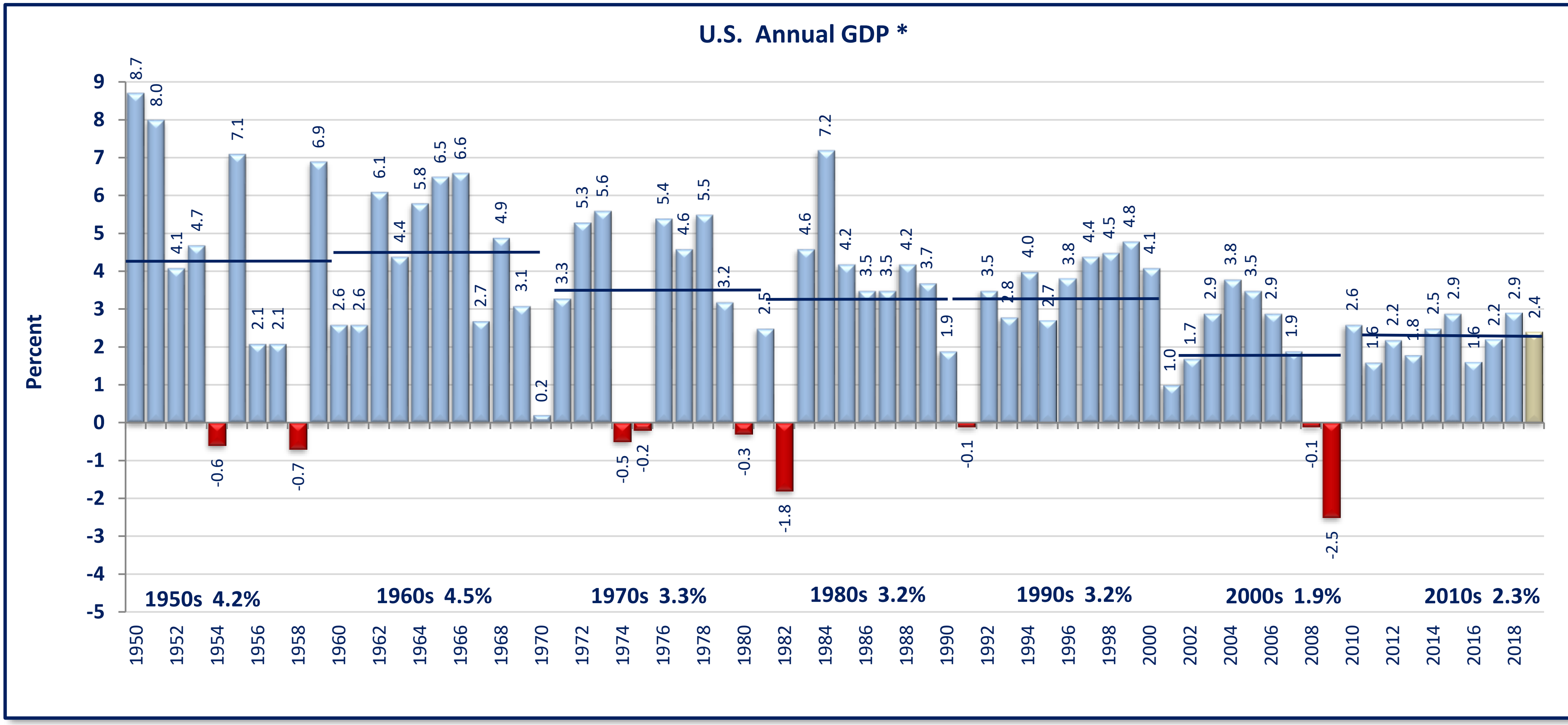


* Real Rate (Inflation Adjusted)

Estimate: Bloomberg's Survey of Economists

Source: Bureau of Economic Analysis

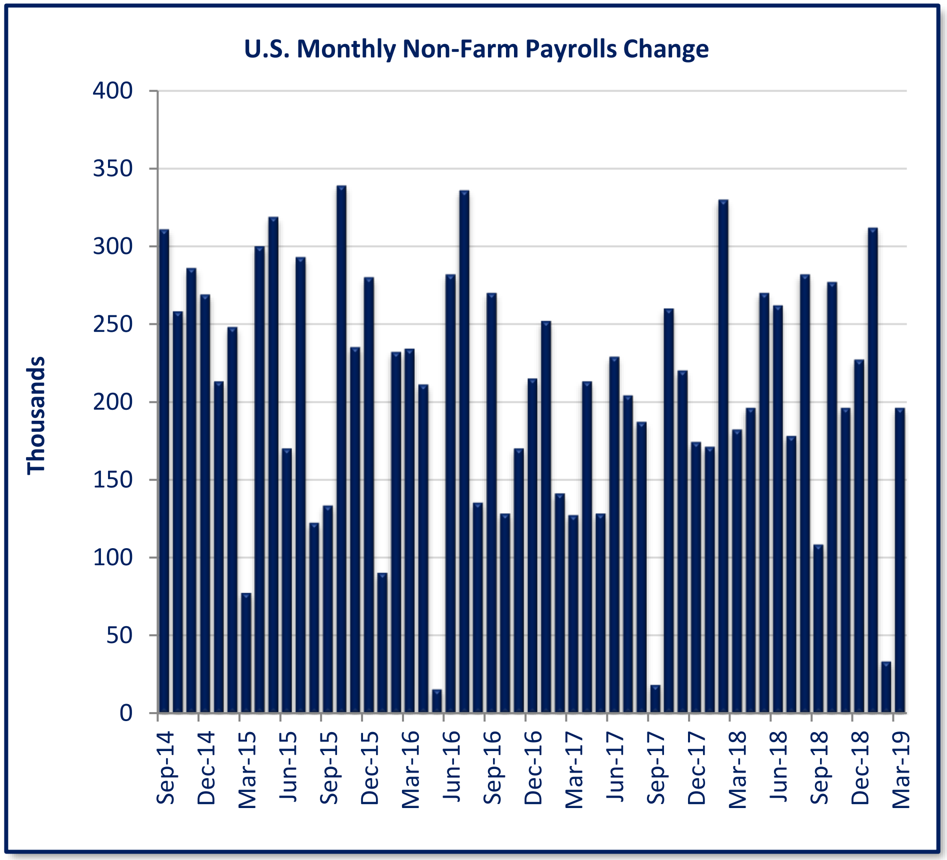
As of: 2/28/19

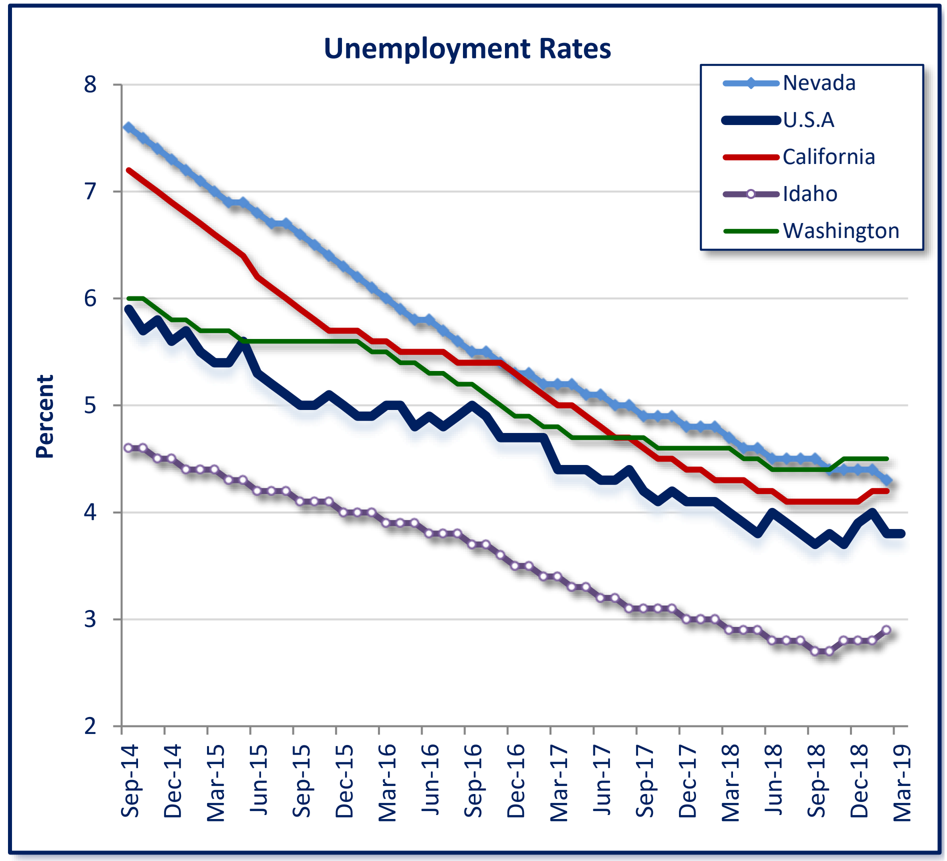


* Real Rate (Inflation Adjusted)

Estimate: Bloomberg's Survey of Economists
As of: 2/28/19

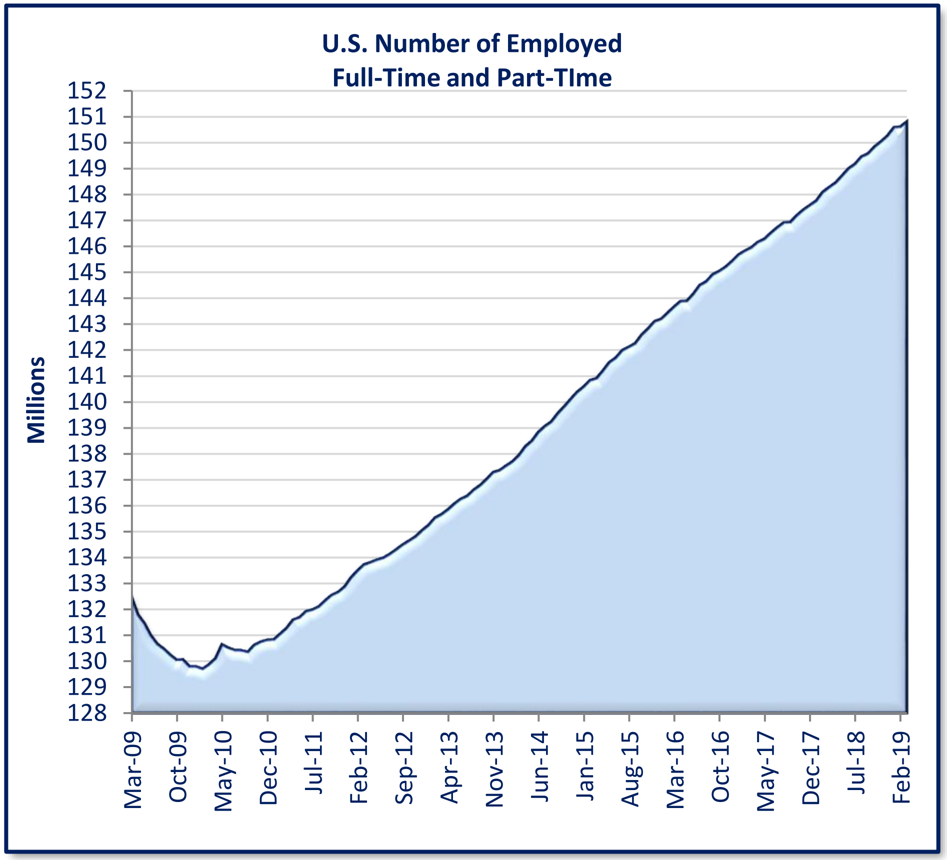
Source: Bureau of Economic Analysis

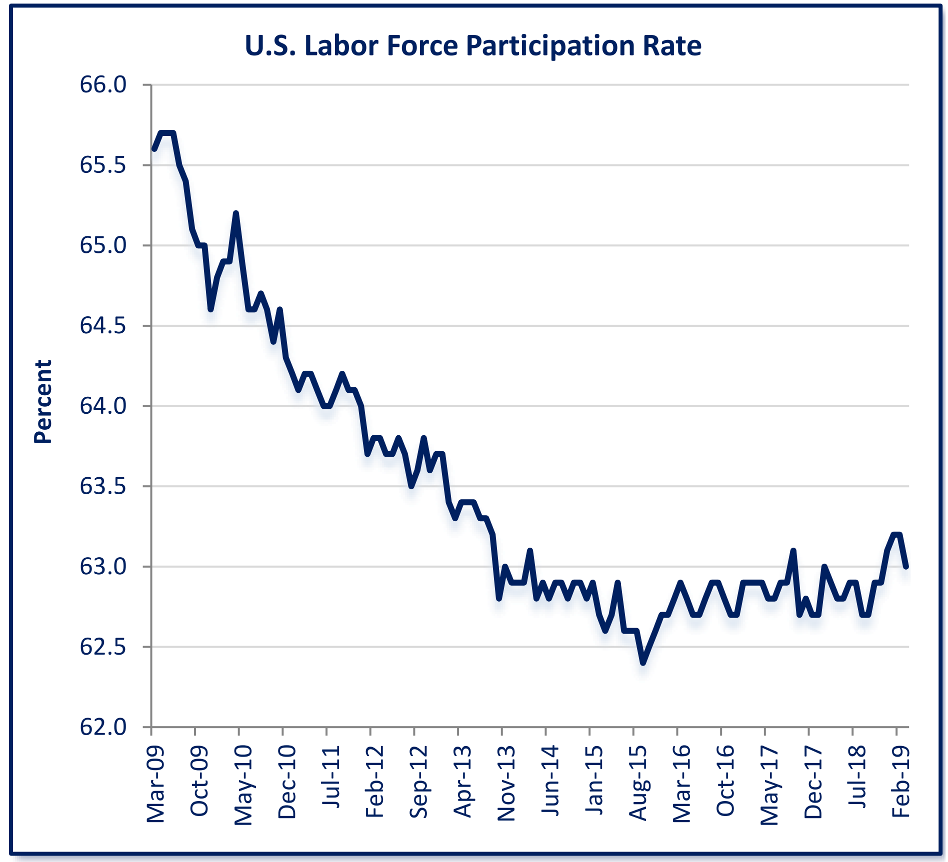




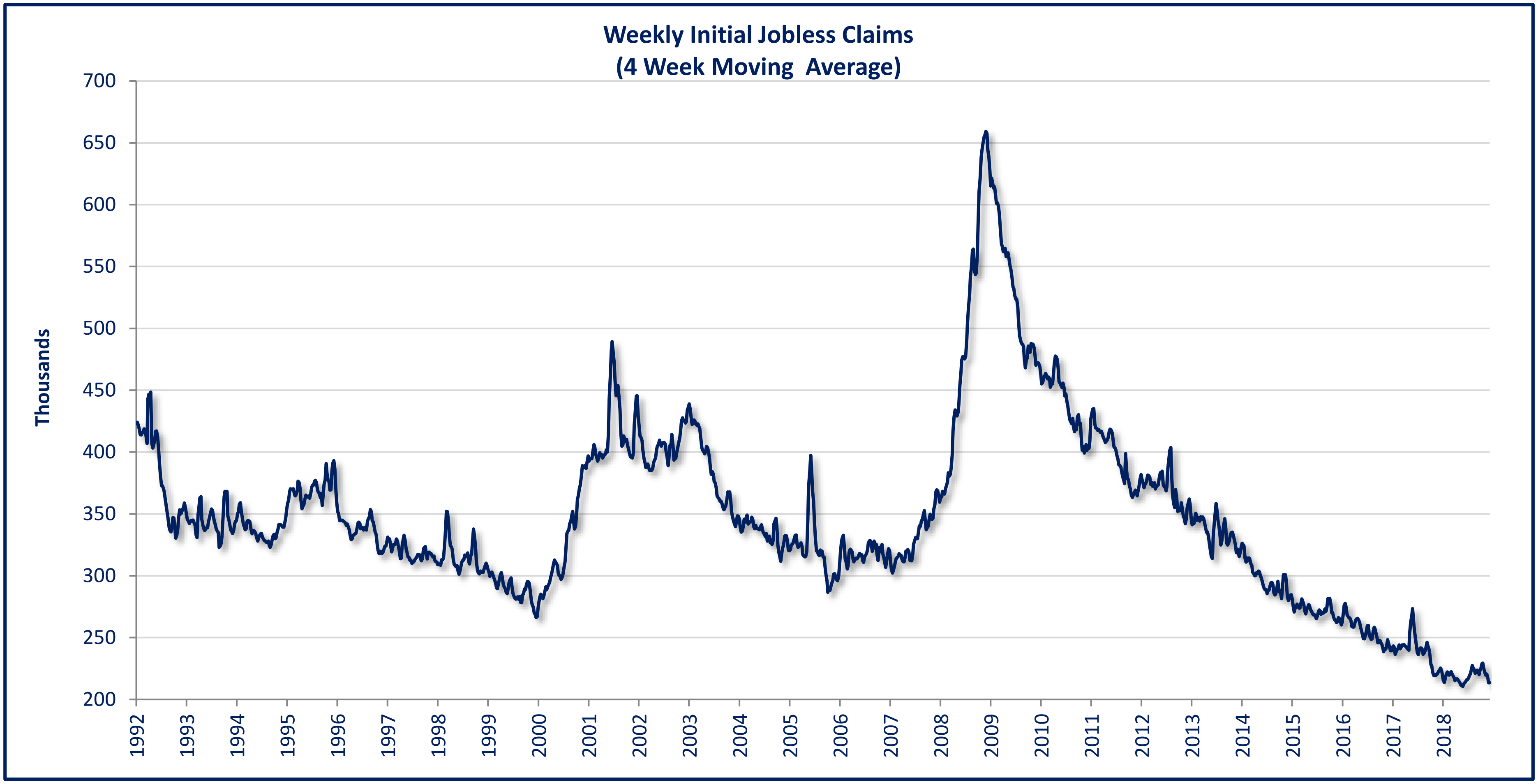
12 Month Average Job Change	**211,417**

Source: Bureau of Labor Statistics



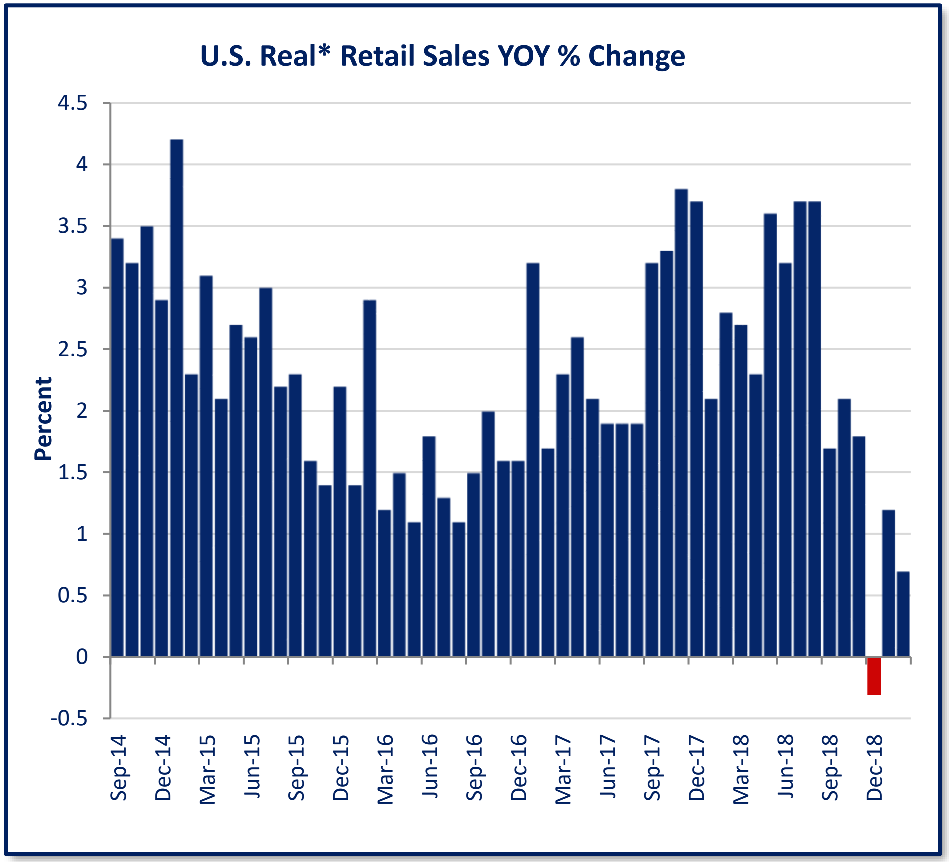


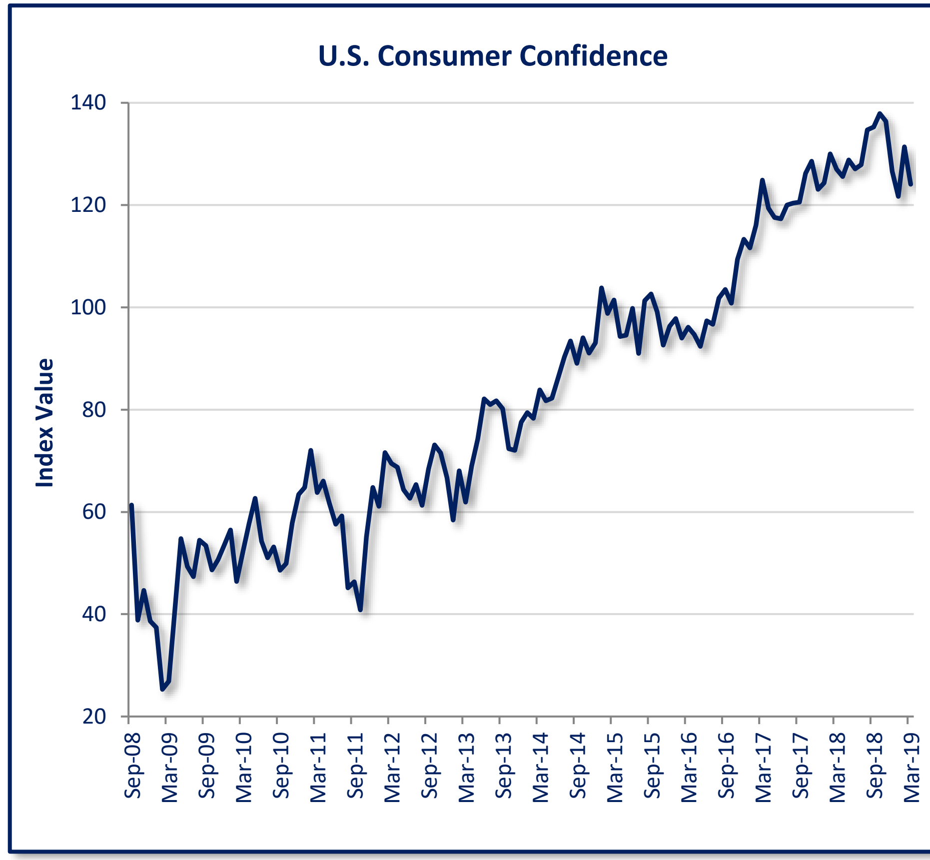
Source: Bureau of Labor Statistics



Weekly Initial Jobless Claims is the actual number of people who have filed for Unemployment benefits for the first time. The following five eligibility criteria must be met in order to file for unemployment benefits: 1. Meet the requirements of time worked during a 1 year period (full time or not). 2. Become unemployed through no fault of your own (cannot be fired). 3. Must be able to work; no physical or mental holdbacks. 4. Must be available for work. 5. Must be actively seeking work.

Source: Department of Labor and Bloomberg

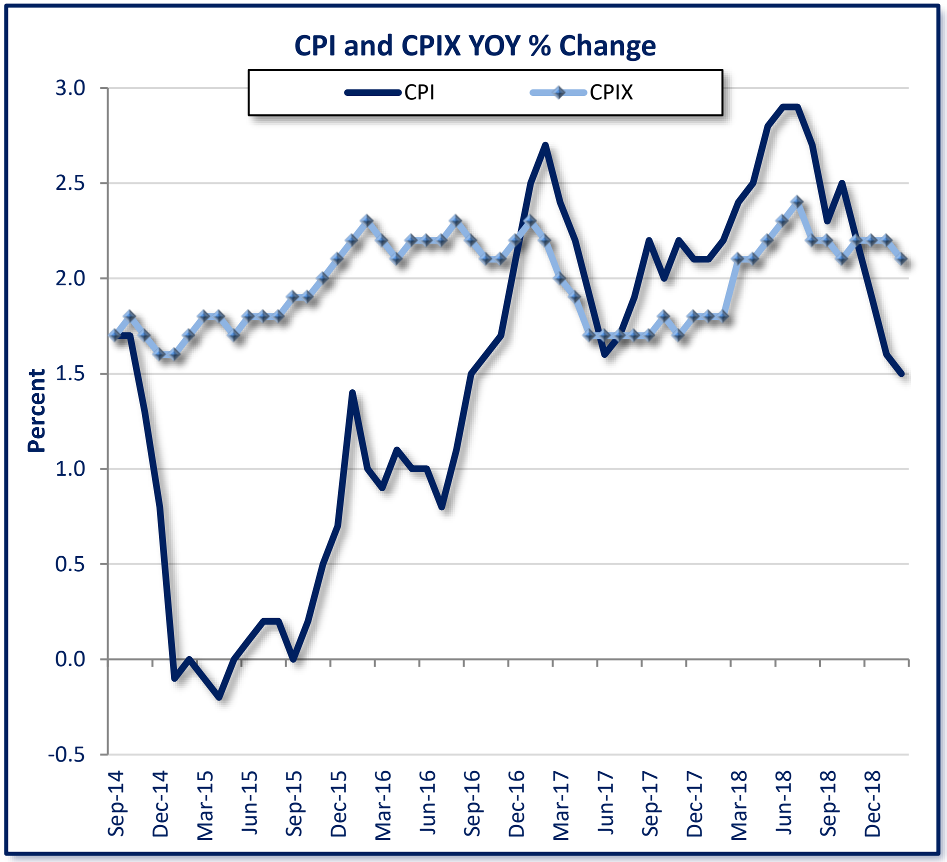




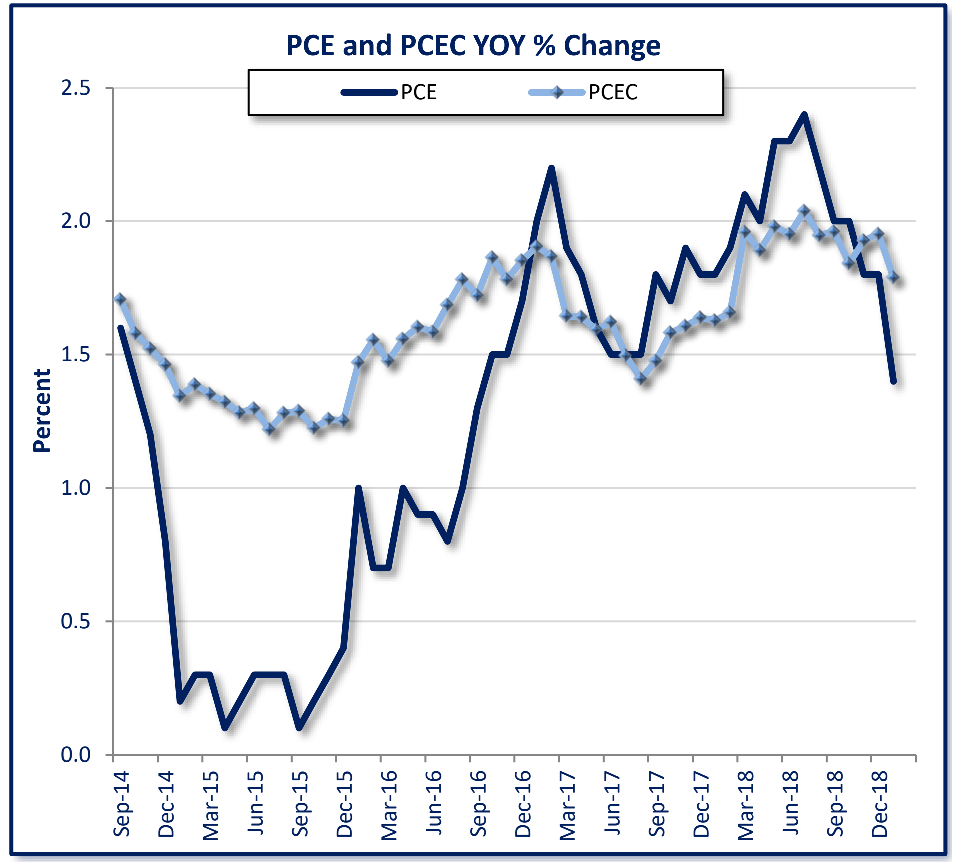
*Real: Inflation Adjusted

Source: U.S. Census Bureau

Source: Conference Board

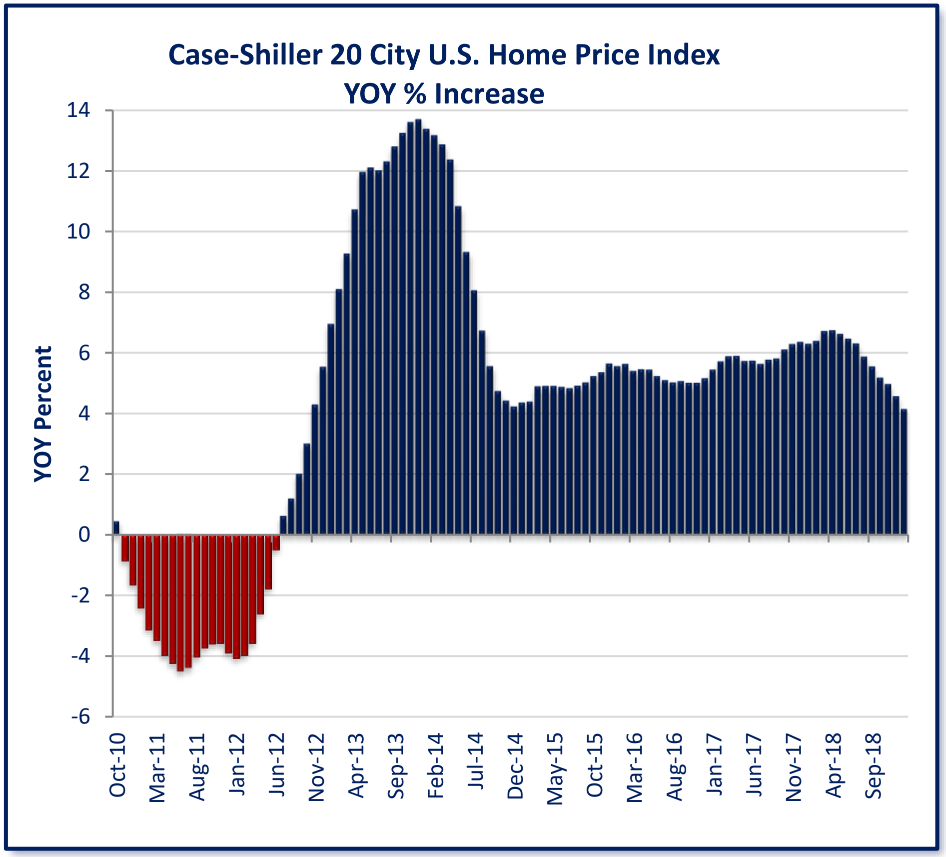


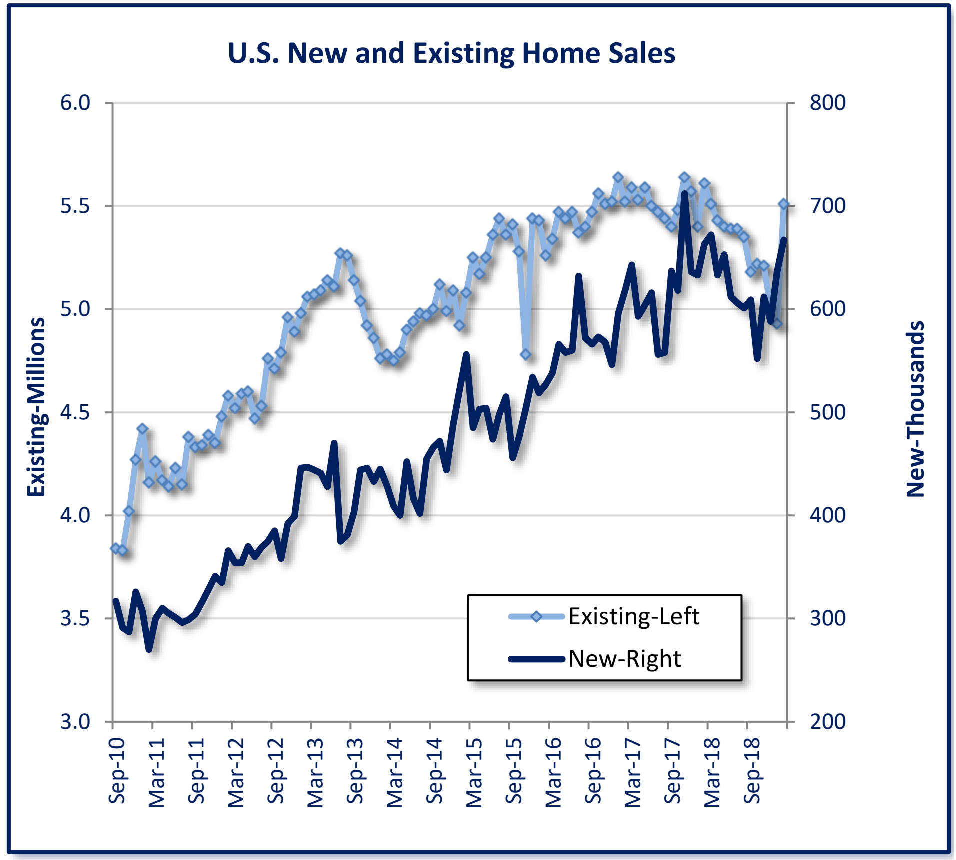
CPIX: Consumer Price Index, excluding food and energy



PCEC: Personal Consumption Expenditure Core

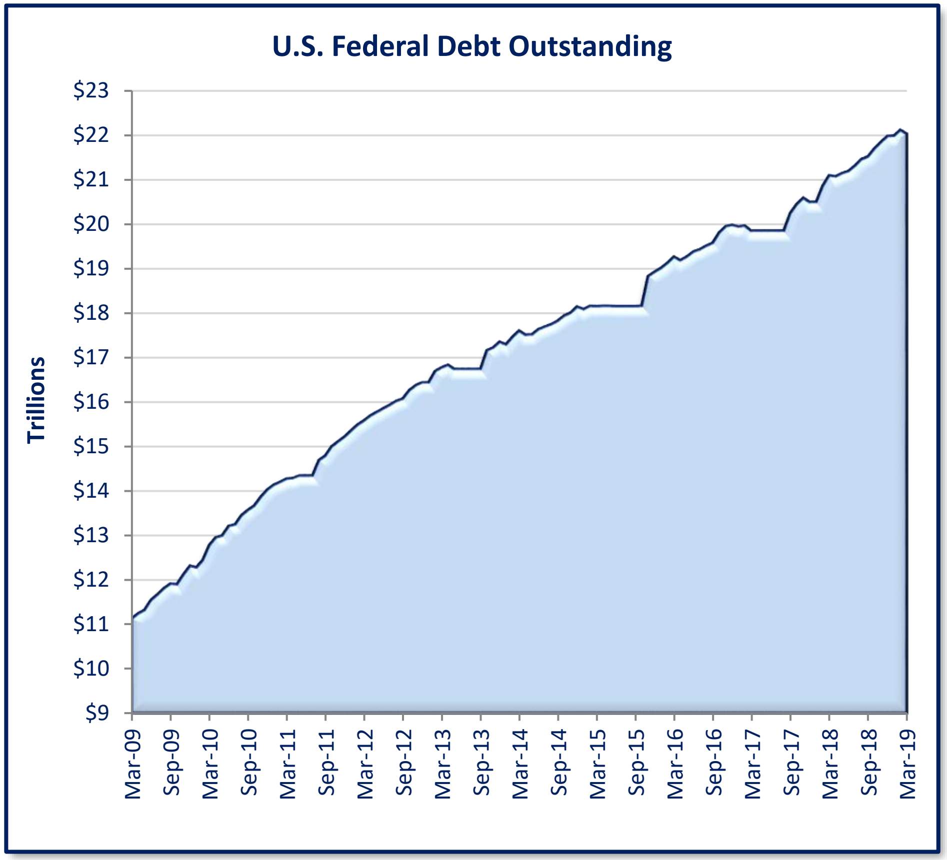
Source: Bureau of Labor Statistics and Bureau of Economic Analysis

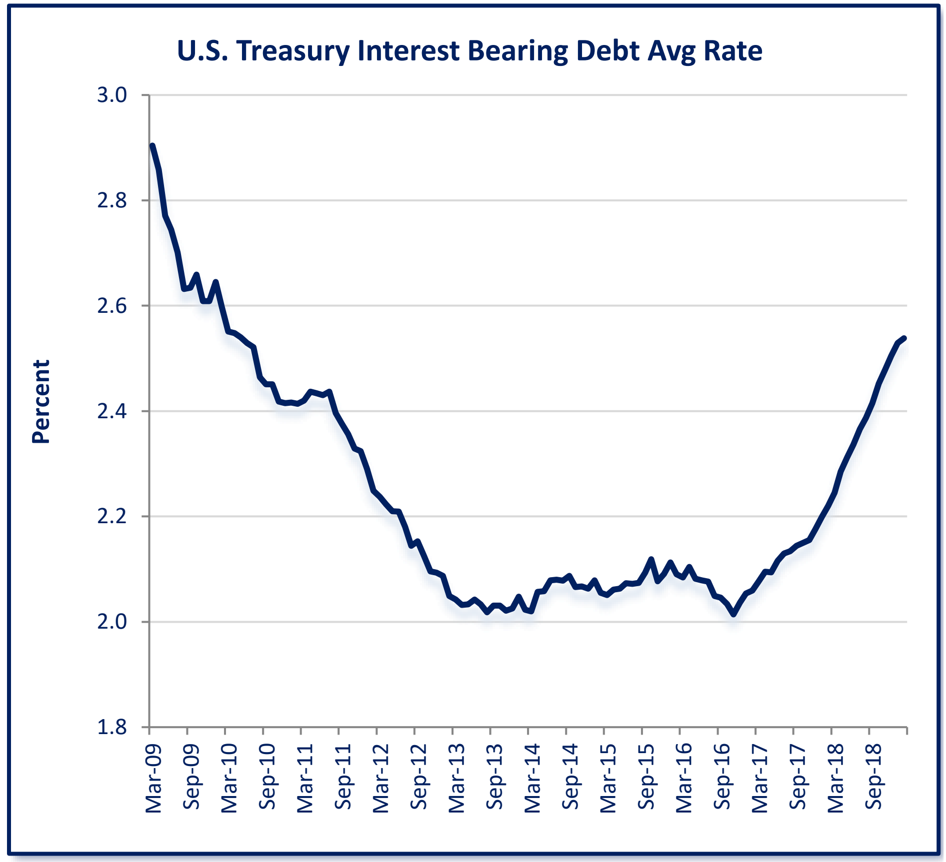




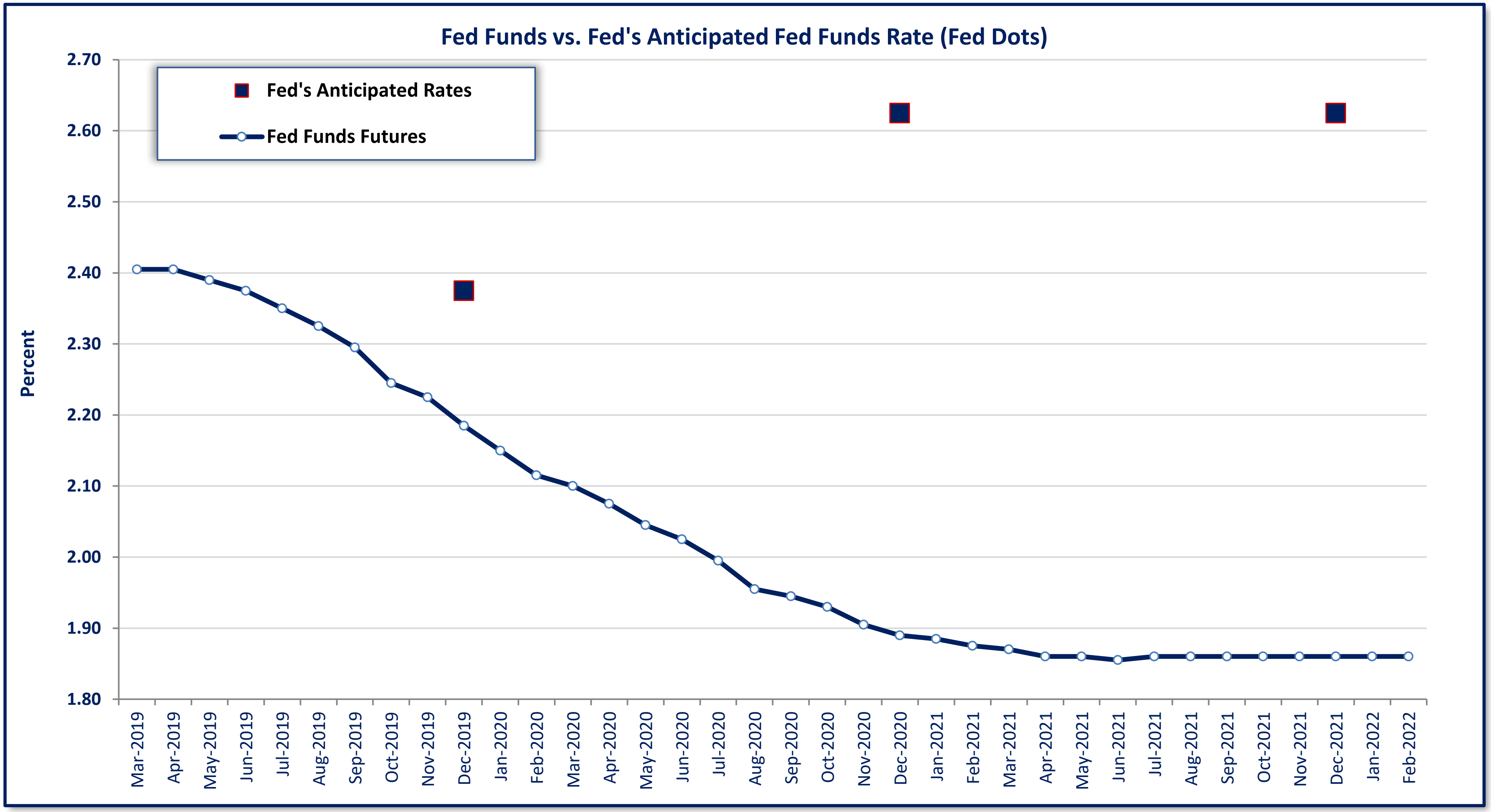
Source: Case-Shiller

Sources: New (U.S. Census Bureau),Existing (National Assoc. of Realtors)
Seasonally Adjusted Annual Rate



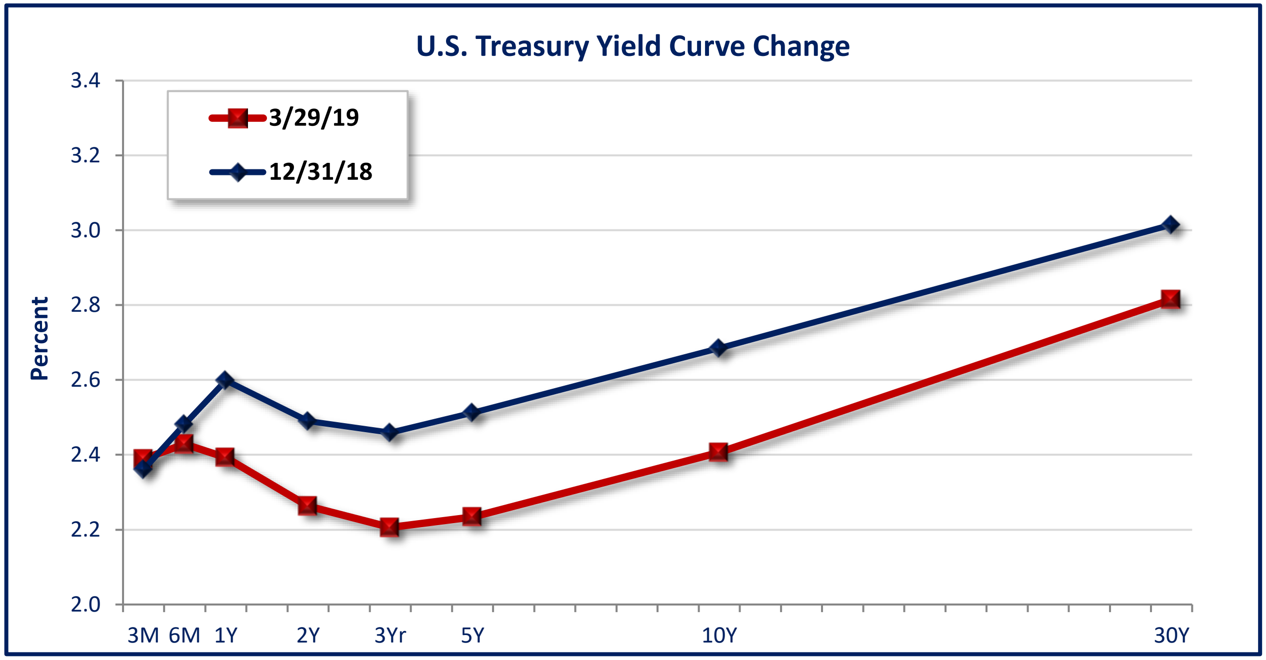


Source: U.S. Treasury

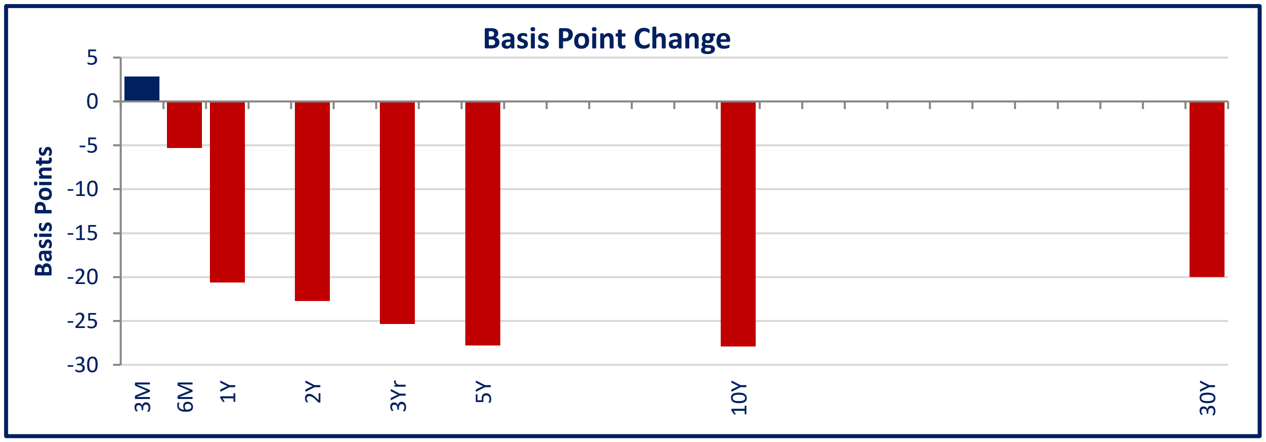


Fed Funds Anticipated Rate from the December 19, 2018 FOMC Meeting

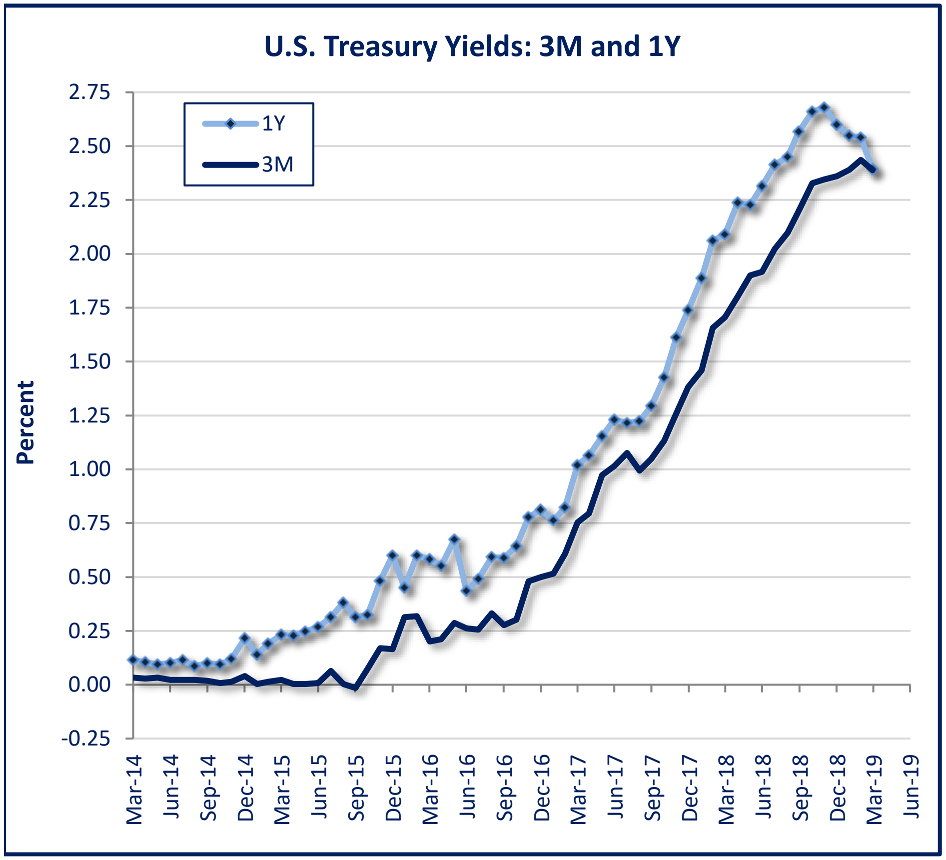
Source: Bloomberg

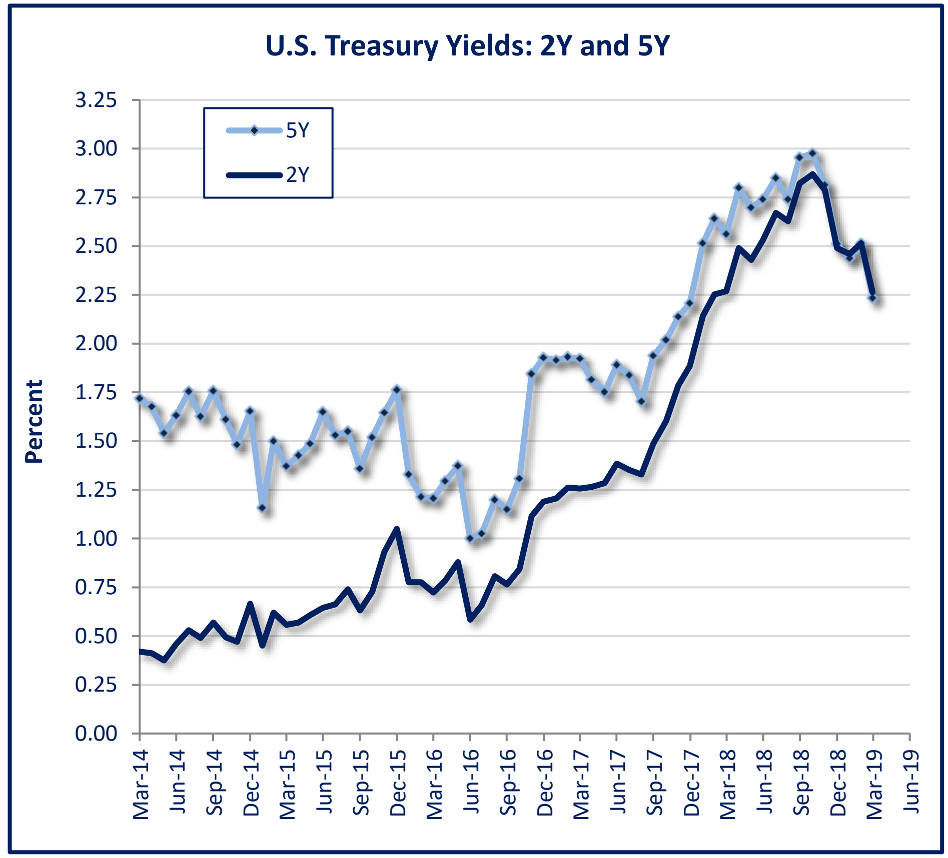


Maturity	12/31/18	3/29/19	Change
3M	2.36	2.39	0.03
6M	2.48	2.43	-0.05
1Y	2.60	2.39	-0.21
2Y	2.49	2.26	-0.23
3Y	2.46	2.21	-0.25
5Y	2.51	2.23	-0.28
10Y	2.69	2.41	-0.28
30Y	3.02	2.82	-0.20

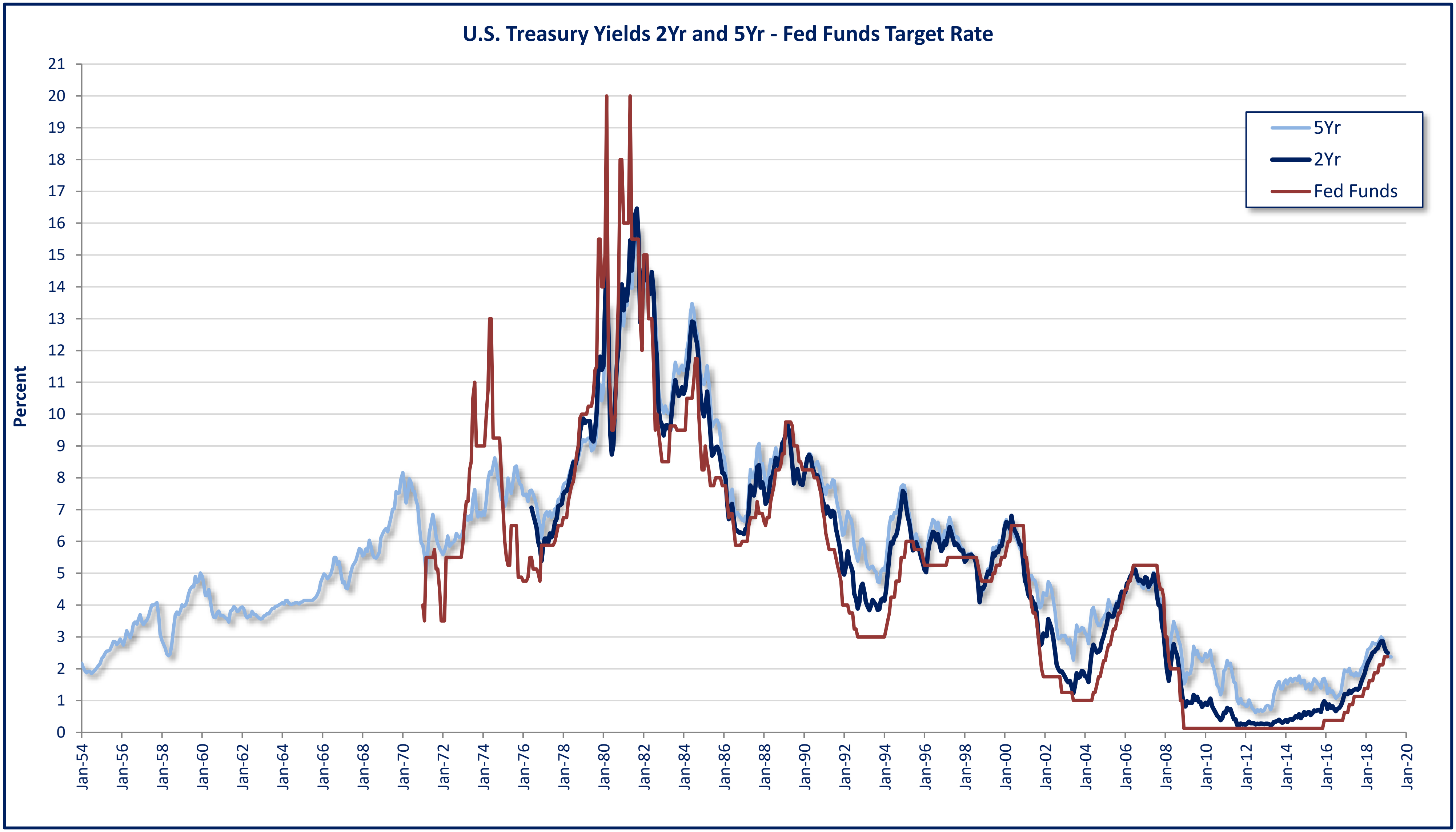


Source: Bloomberg
Figures may not total due to rounding





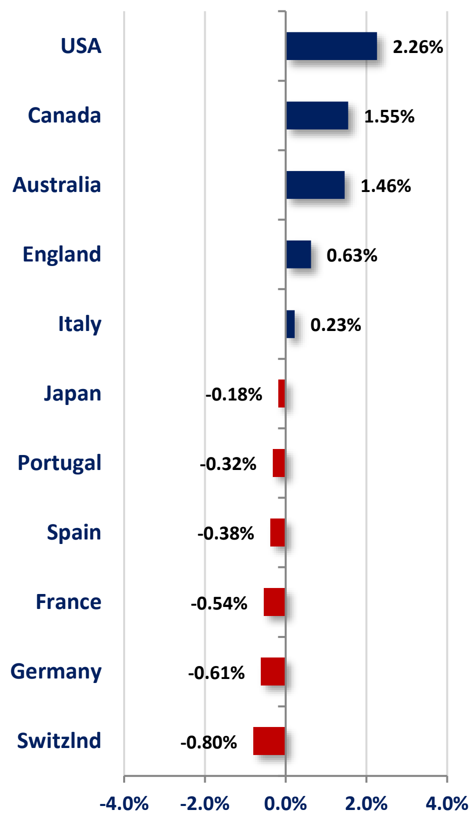
Source: Bloomberg



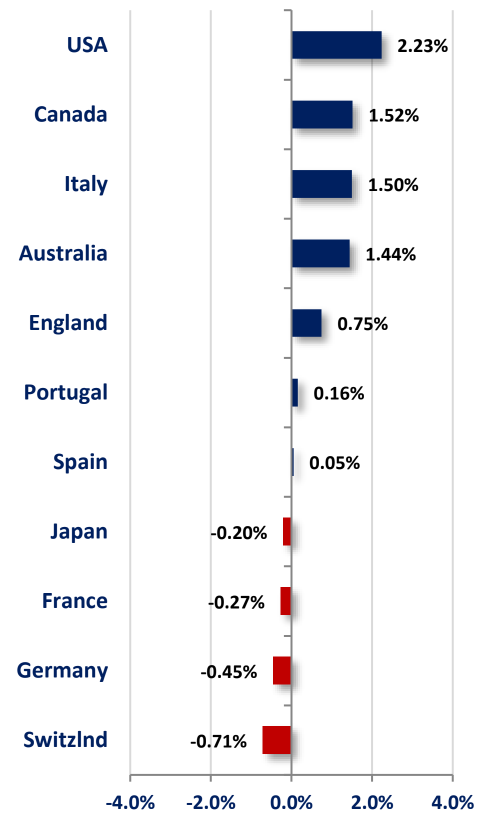
Source: Bloomberg

Global Treasury Rates

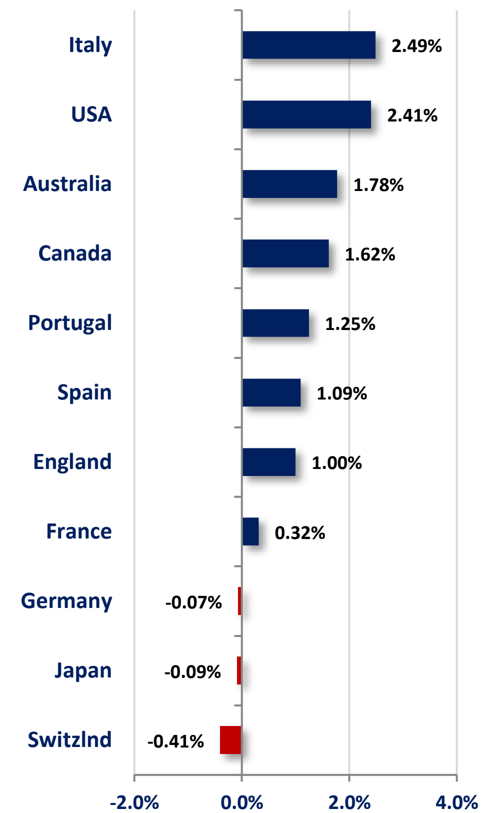
2 Year Yields



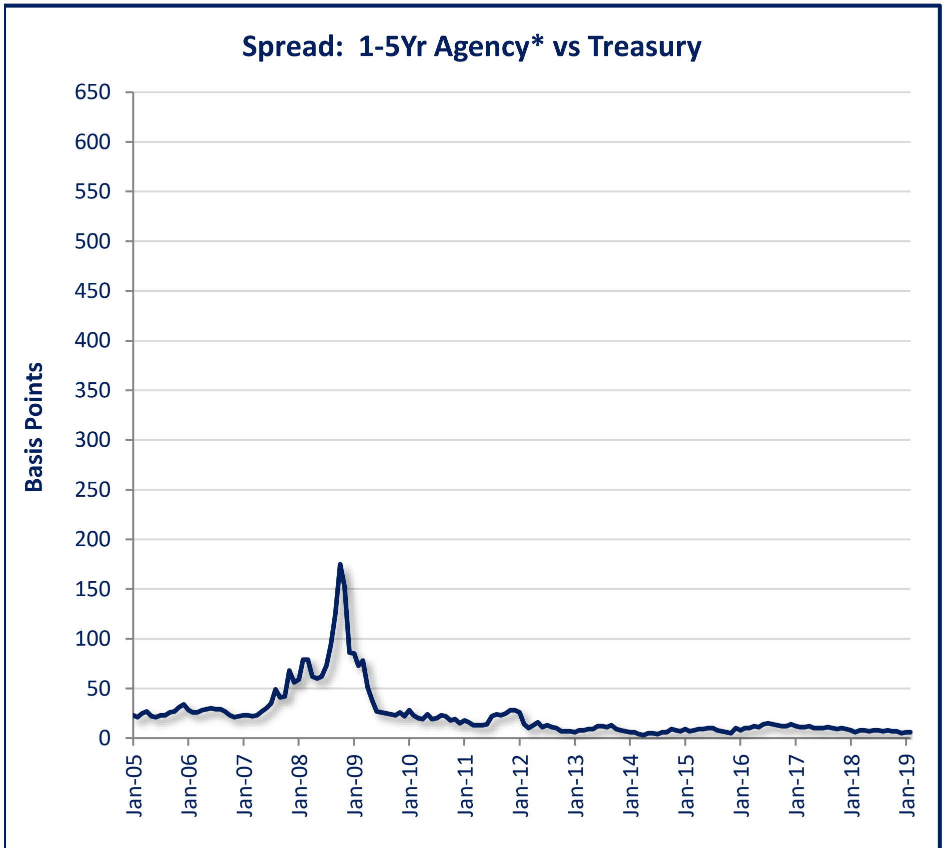
5 Year Yields



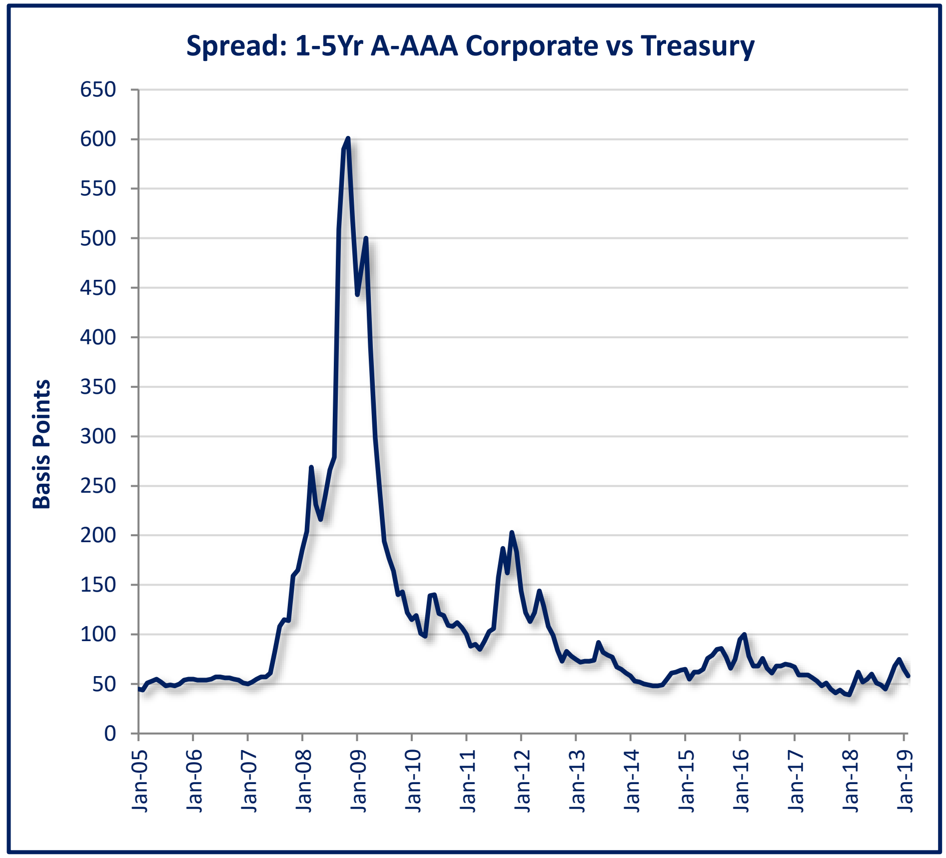
10 Year Yields



Source: Bloomberg



Current Spread is 4

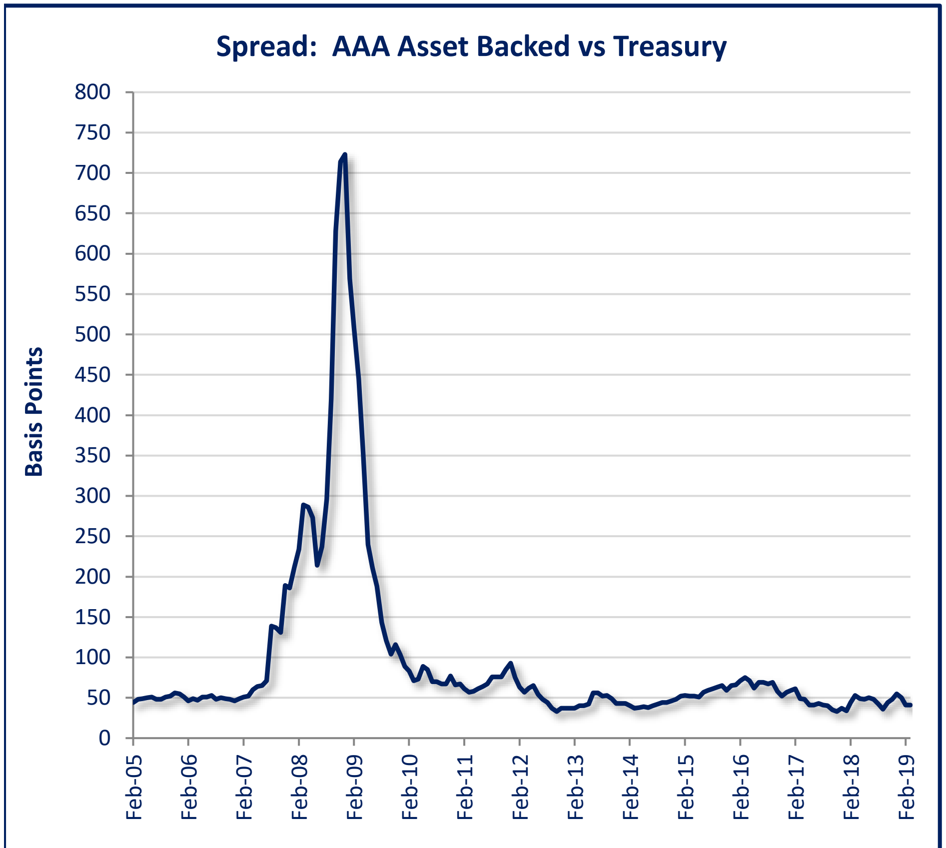


Current Spread is 56

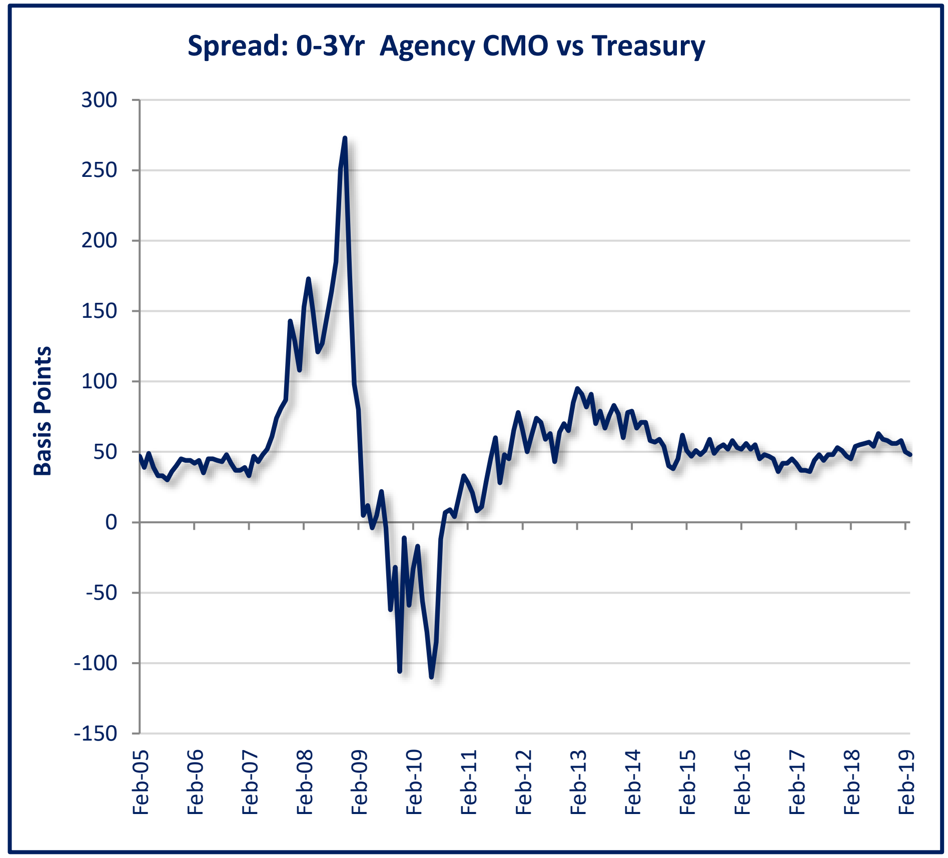
*ICE BofAML Index (option adjusted spread vs. Treasury)
Agency (GVP0)

*ICE BofAML Index (option adjusted spread vs. Treasury)
Corporate A-AAA Excluding Yankee (CVAC)

Source: ICE BofAML Indices



Current Spread is 41

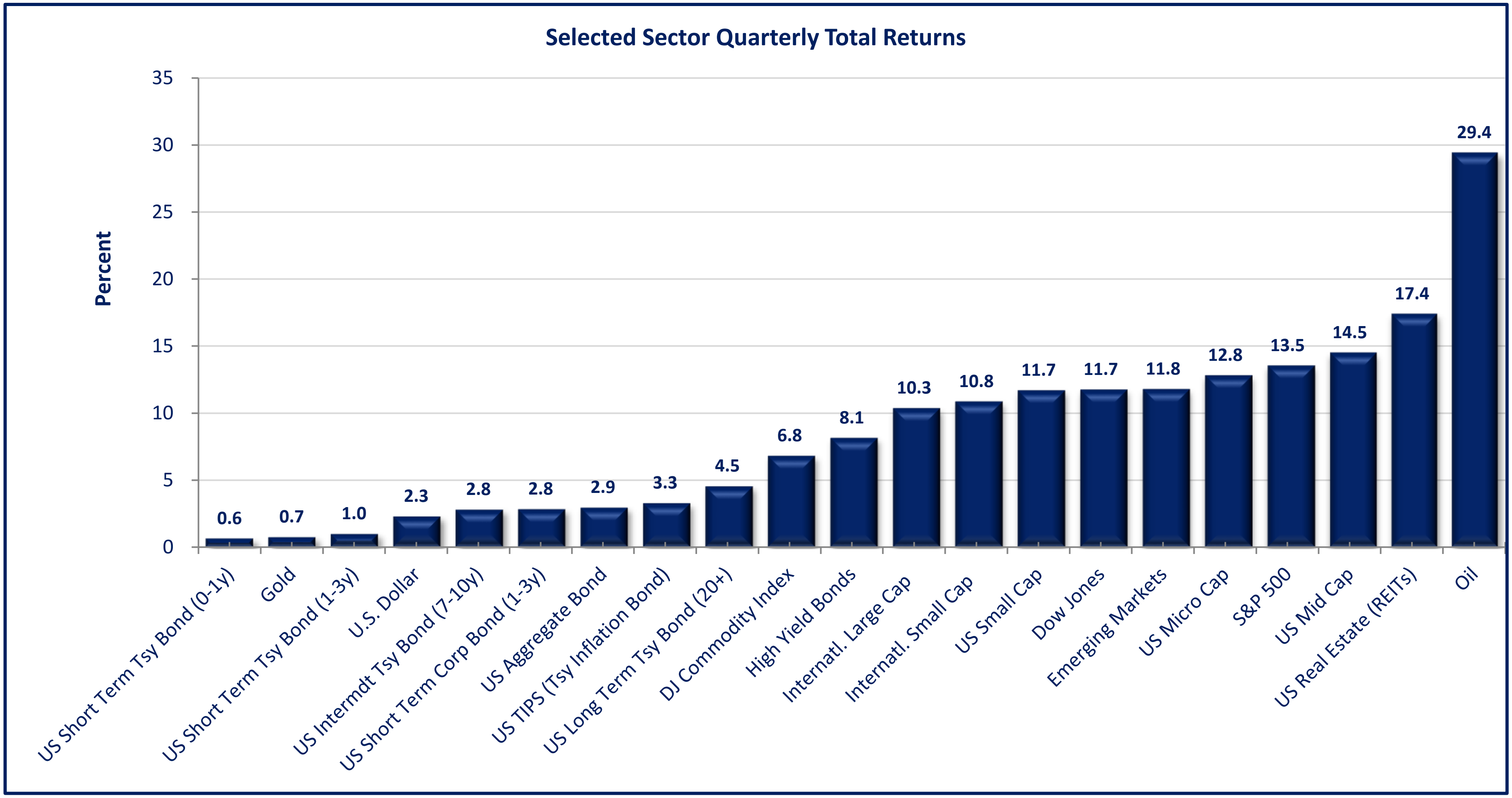


Current Spread is 48

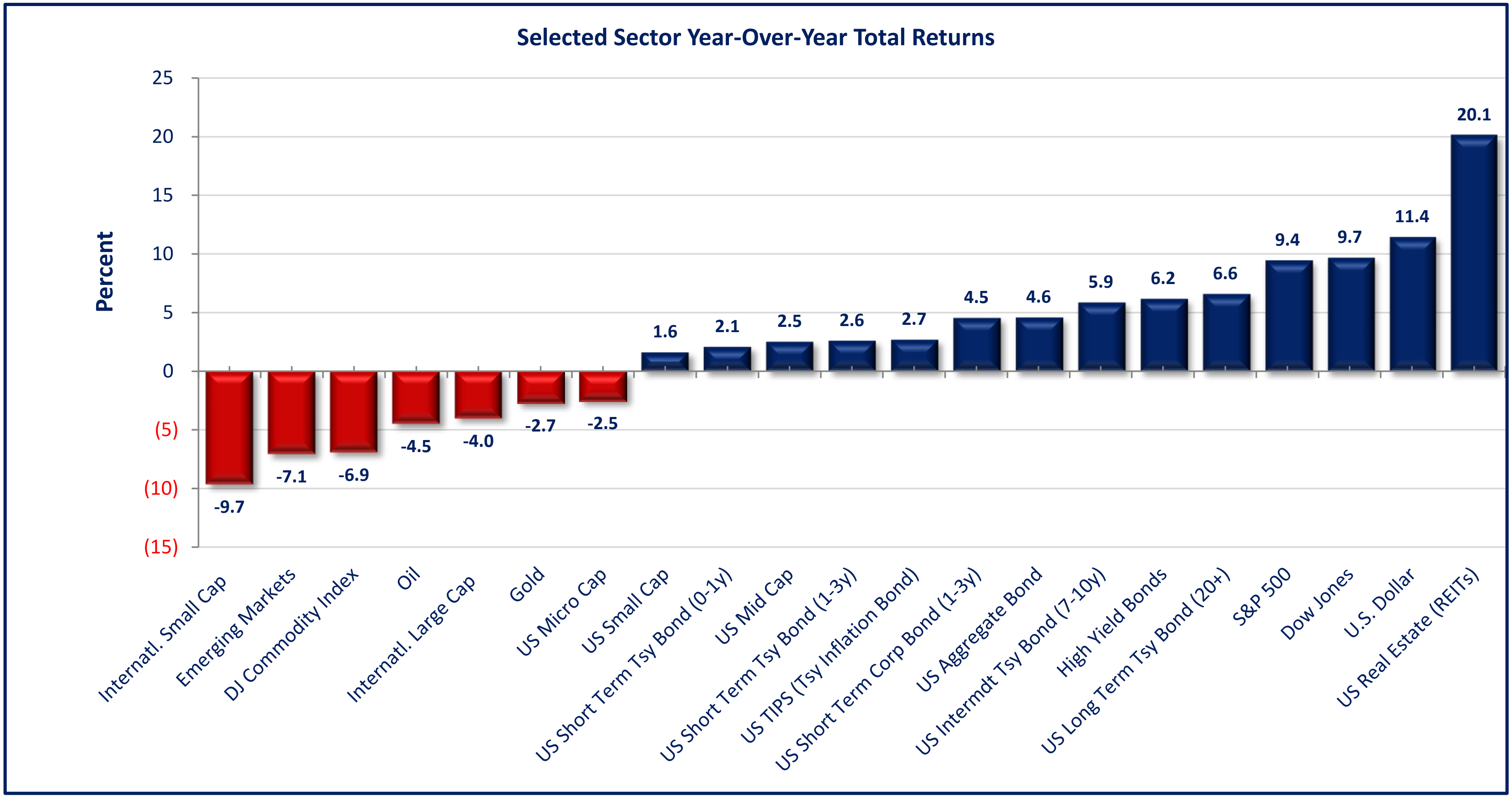
*ICE BofAML Index (option adjusted spread vs. Treasury)
AAA Rated ABS (R0A1)

*ICE BofAML Index (option adjusted spread vs. Treasury)
CMO Agency 0-3Yr PAC (CM1P)

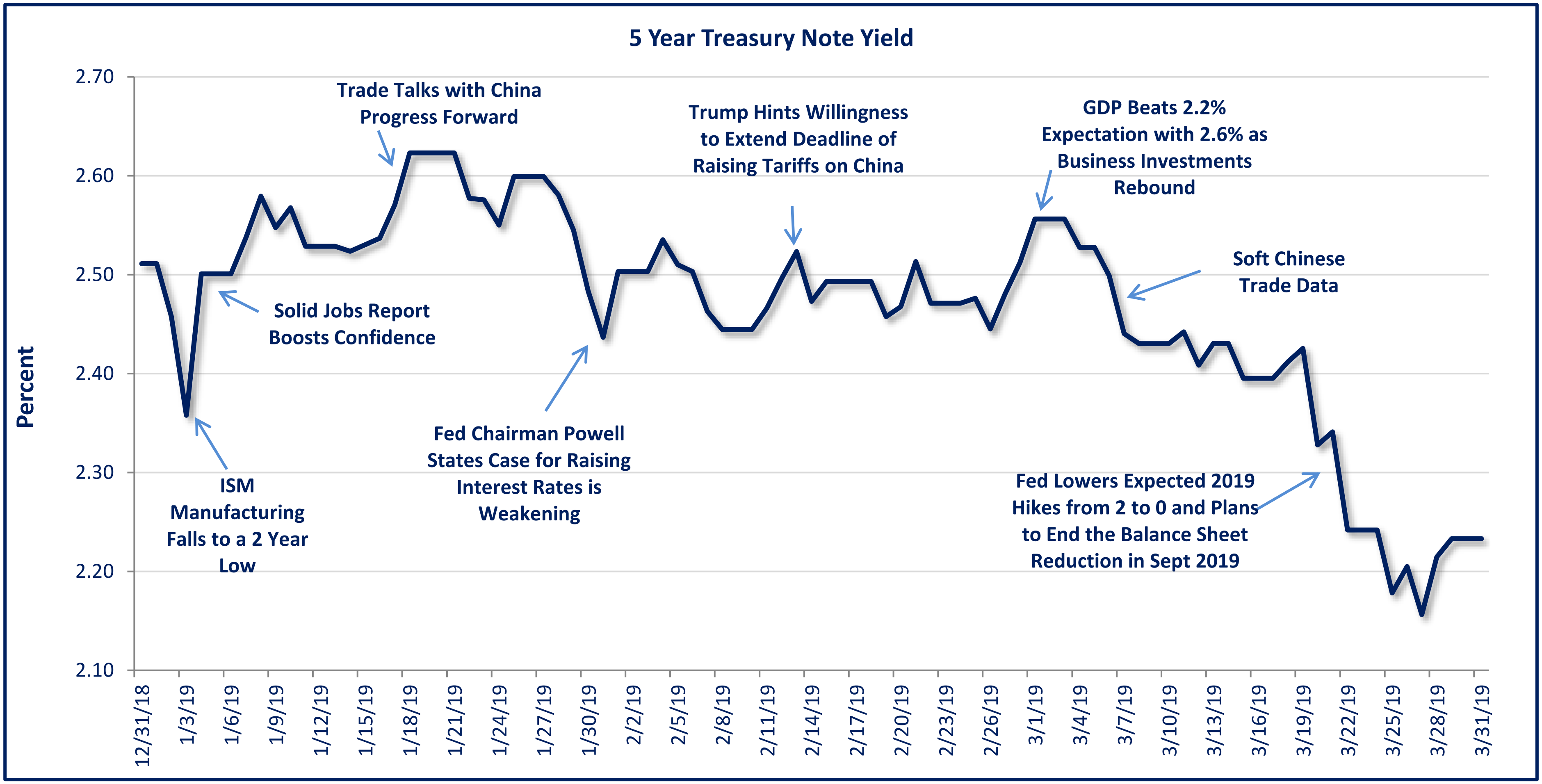
Source: ICE BofAML Indices



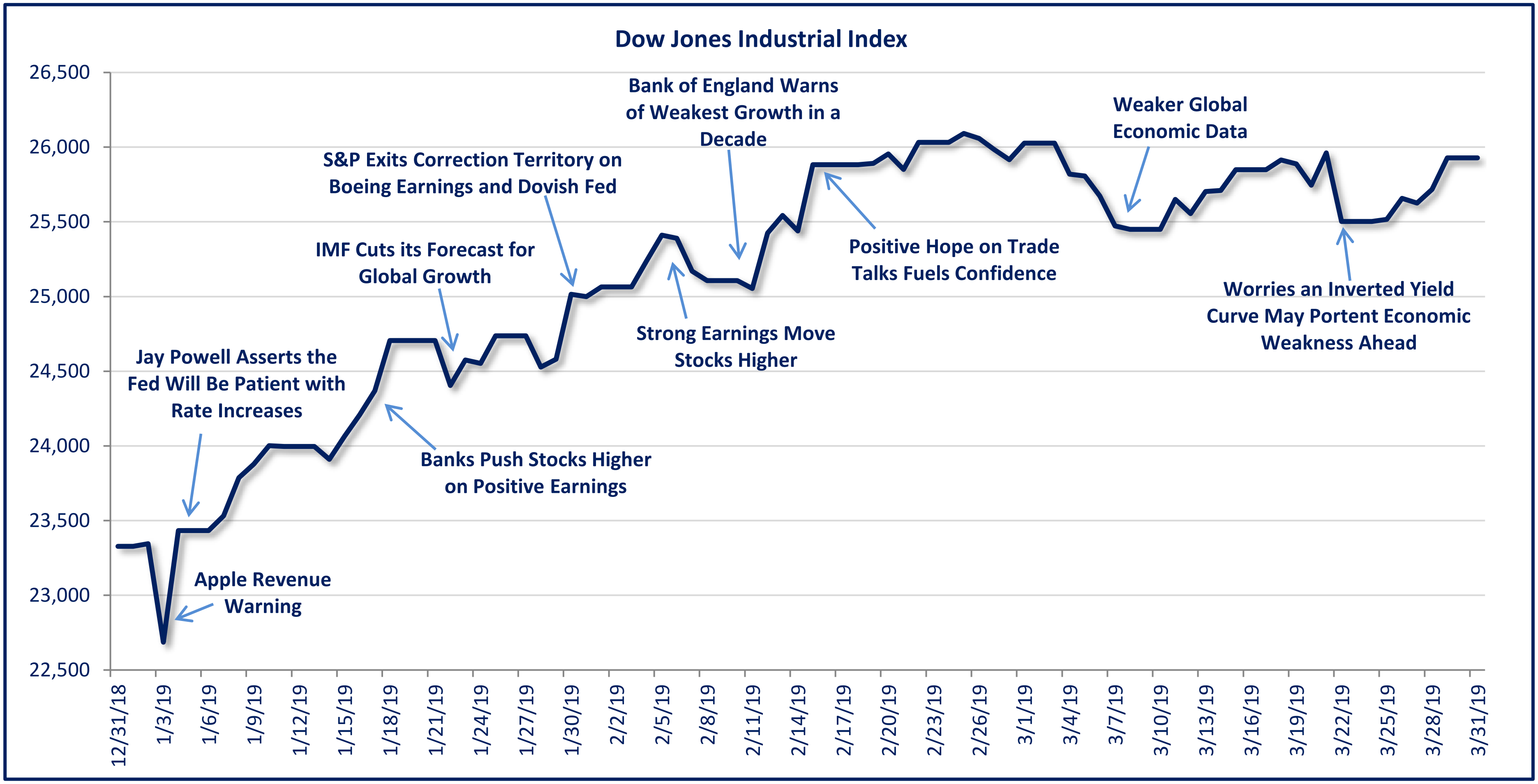
Source: Bloomberg



Source: Bloomberg



Sources: Bloomberg, FTN Main Street



Sources: Bloomberg, FTN Main Street

Disclosure

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100