

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Refunding Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Refunding Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix C hereto. See "TAX MATTERS" herein.*

**\$124,165,000**  
**GILROY UNIFIED SCHOOL DISTRICT**  
**(SANTA CLARA COUNTY, CALIFORNIA)**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019**  
**(FEDERALLY TAXABLE)**

**Dated: Date of Delivery**

**Due: August 1, as shown herein**

*This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The Gilroy Unified School District (Santa Clara County, California) General Obligation Refunding Bonds, Series 2019 (Federally Taxable) (the "Refunding Bonds"), are being issued by the Gilroy Unified School District (the "District"), located in the County of Santa Clara (the "County"). The proceeds from the Refunding Bonds will be used (i) to refund all of the outstanding Gilroy Unified School District (Santa Clara County, California) General Obligation Bonds, Election of 2008, Series 2013 and the Gilroy Unified School District (County of Santa Clara, California) General Obligation Refunding Bonds, Series 2013 and the corresponding Gilroy School Facilities Financing Authority General Obligation Revenue Bonds, Series A, and (ii) to pay costs of issuance of the Refunding Bonds. The Refunding Bonds are being issued under the laws of the State of California (the "State") and pursuant to a resolution of the Board of Education of the District, adopted on October 3, 2019.

The Refunding Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS" herein.

The Refunding Bonds will be issued as current interest bonds as set forth on the inside front cover hereof. Interest on the Refunding Bonds is payable on each February 1 and August 1 to maturity, commencing February 1, 2020. Principal of the Refunding Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof. The Refunding Bonds will be issued in denominations of \$5,000 principal amount or any integral multiple thereof as shown on the inside front cover hereof.

The Refunding Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Refunding Bonds. Individual purchases of the Refunding Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Refunding Bonds purchased by them. See "THE REFUNDING BONDS – Form and Registration" herein. Payments of the principal of and interest on the Refunding Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as paying agent, registrar and transfer agent with respect to the Refunding Bonds, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Refunding Bonds. See "THE REFUNDING BONDS – Payment of Principal and Interest" herein.

**The Refunding Bonds are subject to redemption prior to maturity as described herein. See "THE REFUNDING BONDS —Redemption" herein.**

*The Refunding Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Irvine, California, as Disclosure Counsel to the District; and for the Underwriter by Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, as Underwriter's Counsel. It is anticipated that the Refunding Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about October 31, 2019.*

**RAYMOND JAMES**

**MATURITY SCHEDULE**  
**BASE CUSIP<sup>†</sup>: 376087**

**\$124,165,000**  
**GILROY UNIFIED SCHOOL DISTRICT**  
**(SANTA CLARA COUNTY, CALIFORNIA)**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019**  
**(FEDERALLY TAXABLE)**

**\$19,960,000 Serial Refunding Bonds**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number<sup>†</sup></u>
2020	\$2,800,000	1.701%	1.701%	FV9
2021	1,825,000	1.721	1.721	FW7
2022	1,750,000	1.726	1.726	FX5
2023	1,500,000	1.793	1.793	FY3
2024	1,600,000	1.833	1.833	FZ0
2025	1,170,000	2.045	2.045	GA4
2030	855,000	2.584	2.584	GF3
2031	880,000	2.684	2.684	GG1
2032	905,000	2.784	2.784	GH9
2033	3,150,000	2.834	2.834	GJ5
2034	3,525,000	2.884	2.884	GK2

**\$4,010,000 2.334% Term Refunding Bonds due August 1, 2029 - Yield 2.334% CUSIP Number<sup>†</sup> GE6**

**\$23,950,000 3.214% Term Refunding Bonds due August 1, 2039 - Yield 3.214% CUSIP Number<sup>†</sup> GL0**

**\$76,245,000 3.364% Term Refunding Bonds due August 1, 2047 - Yield 3.364% CUSIP Number<sup>†</sup> GM8**

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**GILROY UNIFIED SCHOOL DISTRICT  
(SANTA CLARA COUNTY, CALIFORNIA)**

**BOARD OF EDUCATION**

James E. Pace, *President*  
Mark Good, *Vice President*  
Enrique Diaz, *Member*  
B.C. Doyle, *Member*  
Tuyen Fiack, *Member*  
Anisha Munshi, *Member*  
Linda Piceno, *Member*

**DISTRICT ADMINISTRATORS**

Deborah A. Flores, Ph.D., *Superintendent*  
Alvaro Meza, *Assistant Superintendent, Business Services*  
Kimberly Mason, *Director of Fiscal Services*

**PROFESSIONAL SERVICES**

**Municipal Advisor**

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

**Bond Counsel and Disclosure Counsel**

Orrick, Herrington & Sutcliffe LLP  
*Irvine, California*

**Paying Agent, Registrar and Transfer Agent and Escrow Bank**

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

**Verification Agent**

Causey Demgen & Moore P.C.  
*Denver, Colorado*

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

The Refunding Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Refunding Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

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

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

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget,” “intend” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

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

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

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**\$124,165,000**  
**GILROY UNIFIED SCHOOL DISTRICT**  
**(SANTA CLARA COUNTY, CALIFORNIA)**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019**  
**(FEDERALLY TAXABLE)**

**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, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Refunding Bonds to potential investors is made only by means of the entire Official Statement.*

**General**

This Official Statement, which includes the cover page, inside cover page, and appendices hereto, is provided to furnish information in connection with the sale of \$124,165,000 aggregate principal amount of Gilroy Unified School District (Santa Clara County, California) General Obligation Refunding Bonds, Series 2019 (Federally Taxable) (the “Refunding Bonds”), to be offered by the Gilroy Unified School District (the “District”).

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See “OTHER LEGAL MATTERS – Continuing Disclosure” and “APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

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

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

Copies of documents referred to herein and information concerning the Refunding Bonds are available from the District by contacting: Gilroy Unified School District, 7810 Arroyo Circle, Gilroy California 95020, Attention: Superintendent. The District may impose a charge for copying, handling and mailing such requested documents.

**The District**

The District is located in the County of Santa Clara (the “County”) and provides public education in kindergarten through twelfth grade (“K-12”) within an approximately 260-square-mile area that includes all of the City of Gilroy and adjoining unincorporated areas.

The District operates eight elementary schools, three middle schools, two comprehensive high schools, one early college academy, one continuation high school and one adult education center. The District's enrollment for fiscal year 2019-20 is approximately 11,000 students, and the District's budgeted fiscal year 2019-20 general fund expenditures are approximately \$142.37 million based on the District's revised budget. Taxable property in the District has a fiscal year 2019-20 total assessed value of \$11,341,890,510. As of September 2019, the District employed 576 full-time equivalent ("FTE") certificated (teaching staff) employees, 414 FTE classified employees and 61 management and supervisory personnel. The District operates under the jurisdiction of the Santa Clara County Superintendent of Schools.

The District is governed by a Board of Education ("Board") consisting of seven trustees publicly elected to serve four-year terms in staggered years. To enhance communication and collaboration between the Board and the student body, the Board supports student participation in District governance. Pursuant to Board Bylaws, high school students within the District may submit a petition requesting that the Board appoint one or more student representatives/trustees (up to one student trustee for each District-operated high school) for a term of one year, commencing on July 1. Once appointed, student representatives have the right to be seated with other members of the Board during open-session, participate in the questions and discussions and cast preferential votes on all open-session matters. Preferential votes are formal expression of the opinion of the student trustee(s) on the matters presented to the Board and are recorded in the minutes, but do not affect the outcome of a Board vote.

On September 5, 2019, the Board decided to close the Antonio Del Buono Elementary School in summer 2020 (following the conclusion of the current school year) due to declining enrollment. Beginning with the 2020-21 school year, students from the Antonio Del Buono Elementary School will attend either Luigi Aprea Elementary School or Rucker Elementary School.

The District's day-to-day operations are managed by a board-appointed Superintendent of Schools (the "Superintendent"). Deborah A. Flores, Ph.D., has served as the Superintendent of the District since May 2007. Dr. Flores began her educational career in 1975 as a special education teacher, and has worked in various capacities in California school districts since 1988, including as the Superintendent of Lucia Mar Unified School District in San Luis Obispo County.

For additional information about the District, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

## **THE REFUNDING BONDS**

### **Authority for Issuance**

The Refunding Bonds are issued by the District pursuant to the Constitution and laws of the State, including Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable provisions of law, and pursuant to a resolution adopted by the Board of Education of the District on October 3, 2019, providing for the issuance of the Refunding Bonds (the "Resolution").

Proceeds from the Refunding Bonds will be used (i) to refund all of the outstanding Gilroy Unified School District (County of Santa Clara, California) General Obligation Bonds, Election of 2008, Series 2013 and the Gilroy Unified School District (County of Santa Clara, California) General Obligation Refunding Bonds, Series 2013 and the corresponding Gilroy School Facilities Financing Authority General Obligation Revenue Bonds, Series A, and (ii) to pay costs of issuance of the Refunding Bonds. See "–Plan of Refunding" and "–Estimated Sources and Uses of Funds" below.



## **Form and Registration**

The Refunding Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 principal amount or integral multiples thereof. The Refunding Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Refunding Bonds. Purchases of Refunding Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Refunding Bonds will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Refunding Bonds, beneficial owners of the Refunding Bonds (“Beneficial Owners”) will not receive physical certificates representing their ownership interests. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

## **Payment of Principal and Interest**

**Interest.** The Refunding Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing on February 1, 2020, computed on the basis of a 360-day year consisting of twelve 30-day months. Each Refunding Bond shall bear interest from the Interest Payment Date of such Refunding Bond next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date for such Refunding Bonds (the “Record Date”) and on or prior to the succeeding Interest Payment Date for such Refunding Bond, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date for such Refunding Bond, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any Refunding Bond, interest is in default on any outstanding Refunding Bonds, such Refunding Bond shall bear interest from the Interest Payment Date for such Refunding Bond to which interest has previously been paid or made available for payment on the outstanding Refunding Bonds.

**Payment of Refunding Bonds.** The principal of the Refunding Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., as paying agent (the “Paying Agent”) at the maturity thereof or upon redemption prior to maturity.

Interest on the Refunding Bonds is payable in lawful money of the United States of America by wire on each Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the registered owner thereof (the “Owner”) at such Owner’s address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose. So long as the Refunding Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

## **Redemption**

**Optional Redemption.** The Refunding Bonds maturing on or before August 1, 2025, are not subject to optional redemption prior to their respective stated maturity dates. The Refunding Bonds maturing on or after August 1, 2029, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2028, at a redemption price equal to the principal amount of the Refunding Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

**Mandatory Sinking Fund Redemption.** The \$4,010,000 term Refunding Bonds maturing on August 1, 2029, are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2026	\$ 945,000
2027	1,245,000
2028	980,000
2029 <sup>†</sup>	840,000

<sup>†</sup> Maturity.

The principal amount of the \$4,010,000 term Refunding Bonds maturing on August 1, 2029, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000, by any portion of such term Refunding Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

The \$23,950,000 term Refunding Bonds maturing on August 1, 2039, are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2035	\$4,025,000
2036	4,510,000
2037	5,025,000
2038	4,915,000
2039 <sup>†</sup>	5,475,000

<sup>†</sup> Maturity.

The principal amount of the \$23,950,000 term Refunding Bonds maturing on August 1, 2039, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000, by any portion of such term Refunding Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

The \$76,245,000 term Refunding Bonds maturing on August 1, 2047, are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2040	\$ 5,965,000
2041	6,405,000
2042	7,175,000
2043	9,645,000
2044	10,590,000
2045	11,605,000
2046	12,765,000
2047 <sup>†</sup>	12,095,000

<sup>†</sup> Maturity.

The principal amount of the \$76,245,000 term Refunding Bonds maturing on August 1, 2047, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000, by any portion of such term Refunding Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

***Selection of Refunding Bonds for Redemption.*** If less than all of the Refunding Bonds are called for redemption, the Refunding Bonds will be redeemed in inverse order of maturities or as otherwise directed by the District. Whenever less than all of the outstanding Refunding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Refunding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Refunding Bond will be deemed to consist of individual Refunding Bonds of denominations of \$5,000 principal amount, each, which may be separately redeemed.

***Notice of Redemption.*** Notice of any redemption of the Refunding Bonds is to be mailed by the Paying Agent, postage prepaid, not less than 20 or more than 60 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the Registration Books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate with respect to the Refunding Bonds. See APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Each notice of redemption is to contain the following information: (i) the date of such notice; (ii) the name of the Refunding Bonds and the date of issue of the Refunding Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Refunding Bonds to be redeemed; (vi) if less than all of the Refunding Bonds of any maturity are to be redeemed, the distinctive numbers of the Refunding Bonds of each maturity to be redeemed; (vii) in the case of Refunding Bonds redeemed in part only, the respective portions of the principal amount of the Refunding Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Refunding Bonds to be redeemed; (ix) a statement that such Refunding Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Refunding Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. Neither the failure to receive the notice of redemption, nor any defect

in such notice is to affect the sufficiency of the proceedings for the redemption of the Refunding Bonds called for redemption or the cessation of interest on the date fixed for redemption.

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

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

***Funds for Redemption.*** Prior to or on the redemption date of any Refunding Bonds there is to be available in the Interest and Sinking Fund of the District, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the redemption prices as provided in the Resolution provided, the Refunding Bonds designated in the notice of redemption. Such monies are to be applied on or after the redemption date solely for payment of principal of, interest and premium, if any, on the Refunding Bonds to be redeemed upon presentation and surrender of such Refunding Bonds, provided that all monies in the Interest and Sinking Fund of the District are to be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date is to be paid from the Interest and Sinking Fund of the District, unless otherwise provided to be paid from such monies held in trust. If, after all of the Refunding Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Interest and Sinking Fund of the District or otherwise held in trust for the payment of redemption price of the Refunding Bonds, the monies are to be held in or returned or transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from such fund; provided, however, that if the monies are part of the proceeds of bonds of the District, the monies are to be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, the monies are to be transferred to the general fund of the District as provided and permitted by law.

### **Defeasance of Refunding Bonds**

The District may pay and discharge any or all of the Refunding Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money and/or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest

to accrue thereon and available monies then on deposit in the Interest and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Refunding Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

### **Unclaimed Moneys**

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

### **Plan of Refunding**

The Refunding Bonds will be issued (i) to refund all of the outstanding Gilroy Unified School District (County of Santa Clara, California) General Obligation Bonds, Election of 2008, Series 2013 (the “Prior 2013 District New Money Bonds”) and the Gilroy Unified School District (County of Santa Clara, California) General Obligation Refunding Bonds, Series 2013 (the “Prior 2013 District Refunding Bonds”) and together with the Prior 2013 District New Money Bonds, the “Prior District Bonds”) and the corresponding Gilroy School Facilities Financing Authority General Obligation Revenue Bonds, Series A (the “Prior Authority Bonds” and together with the Prior District Bonds, the “Refunded Bonds”), and (ii) to pay costs of issuance of the Refunding Bonds.

The District and The Bank of New York Mellon Trust Company, N.A., as escrow bank (the “Escrow Bank”) will enter into the Escrow Agreement, dated as of October 1, 2019 (the “Escrow Agreement”), with respect to the Refunded Bonds, pursuant to which the District will deposit a portion of the proceeds from the sale of the Refunding Bonds into a special fund to be held by the Escrow Bank (the “Escrow Fund”). The amounts deposited with the Escrow Bank with respect to the Refunded Bonds, which will be held pursuant to the Escrow Agreement, will be used to purchase non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America (collectively, “Defeasance Securities”), the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Bank (i) to pay, when due, the principal of and accreted interest on the Prior District Bonds to and including August 1, 2023 and (ii) to redeem the Prior District Bonds maturing thereafter on August 1, 2023 (the “Redemption Date”) at a redemption price as further described in the Escrow Agreement. The amounts resulting from the refunding of the Prior District Bonds will be used to pay, when due, the principal of and interest on the Prior Authority Bonds to and including the Redemption Date and to redeem the Prior Authority Bonds maturing thereafter on the Redemption Date at a redemption price equal to principal amount of the Prior Authority Bonds, without premium. See “ESCROW VERIFICATION.” Amounts on deposit with the Escrow Bank pursuant to the Escrow Agreement are not available to pay debt service on the Refunding Bonds.

**Estimated Sources and Uses of Funds**

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

**GILROY UNIFIED SCHOOL DISTRICT  
(SANTA CLARA COUNTY, CALIFORNIA)  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019**

**Estimated Sources and Uses of Funds**

Sources of Funds:

Aggregate Principal Amount of Refunding Bonds	\$124,165,000.00
Total Sources of Funds	<u>\$124,165,000.00</u>

Uses of Funds:

Escrow Fund	\$123,411,527.49
Costs of Issuance <sup>(1)</sup>	325,103.26
Underwriter's Discount	428,369.25
Total Uses of Funds	<u>\$124,165,000.00</u>

<sup>(1)</sup> Includes legal fees, rating agency fees, municipal advisory fees, verification agent fees, printing fees and other miscellaneous expenses.

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**Debt Service**

Debt service on the Refunding Bonds, assuming no early redemptions, is as set forth in the following table.

**GILROY UNIFIED SCHOOL DISTRICT  
(Santa Clara County, California)  
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)**

Period Ending August 1,	Principal	Interest	Total Debt Service
2020	\$ 2,800,000.00	\$ 2,920,370.19	\$ 5,720,370.19
2021	1,825,000.00	3,831,830.56	5,656,830.56
2022	1,750,000.00	3,800,422.30	5,550,422.30
2023	1,500,000.00	3,770,217.30	5,270,217.30
2024	1,600,000.00	3,743,322.30	5,343,322.30
2025	1,170,000.00	3,713,994.30	4,883,994.30
2026	945,000.00	3,690,067.80	4,635,067.80
2027	1,245,000.00	3,668,011.50	4,913,011.50
2028	980,000.00	3,638,953.20	4,618,953.20
2029	840,000.00	3,616,080.00	4,456,080.00
2030	855,000.00	3,596,474.40	4,451,474.40
2031	880,000.00	3,574,381.20	4,454,381.20
2032	905,000.00	3,550,762.00	4,455,762.00
2033	3,150,000.00	3,525,566.80	6,675,566.80
2034	3,525,000.00	3,436,295.80	6,961,295.80
2035	4,025,000.00	3,334,634.80	7,359,634.80
2036	4,510,000.00	3,205,271.30	7,715,271.30
2037	5,025,000.00	3,060,319.90	8,085,319.90
2038	4,915,000.00	2,898,816.40	7,813,816.40
2039	5,475,000.00	2,740,848.30	8,215,848.30
2040	5,965,000.00	2,564,881.80	8,529,881.80
2041	6,405,000.00	2,364,219.20	8,769,219.20
2042	7,175,000.00	2,148,755.00	9,323,755.00
2043	9,645,000.00	1,907,388.00	11,552,388.00
2044	10,590,000.00	1,582,930.20	12,172,930.20
2045	11,605,000.00	1,226,682.60	12,831,682.60
2046	12,765,000.00	836,290.40	13,601,290.40
2047	12,095,000.00	406,875.80	12,501,875.80
Total:	<u>\$124,165,000.00</u>	<u>\$82,354,663.35</u>	<u>\$206,519,663.35</u>

**Outstanding Bonds**

In addition to the Refunding Bonds (and not accounting for the planned refunding of the Refunded Bonds with proceeds of the Refunding Bonds), the District has outstanding seven series of general obligation bonds outstanding, each of which is secured by *ad valorem* taxes upon all property subject to taxation by the District on a parity with the Refunding Bonds.

**2002 Authorization.** The District received authorization at an election held on November 5, 2002, to issue general obligation bonds of the District in an aggregate principal amount not to exceed \$69,000,000 to finance specific construction and modernization projects (the “2002 Authorization”). On April 16, 2003, the Gilroy Unified School District General Obligation Bonds, Election of 2002, Series 2003 (the “Series 2003 Bonds”), in an aggregate principal amount of \$50,000,000, were issued as the first series of bonds to

be issued under the 2002 District Bond Authorization. On August 25, 2005, the Gilroy Unified School District General Obligation Bonds, Election of 2002, Series 2005 (the “Series 2005 Bonds”), in an aggregate principal amount of \$19,000,000, were issued as the second and final series of bonds to be issued under the 2002 Authorization.

**2008 Authorization.** At an election held on November 4, 2008, the District received authorization under Measure P to issue general obligation bonds of the District in an aggregate principal amount not to exceed \$150,000,000 to finance specific construction and modernization projects approved by the voters, summarized as follows: for construction of Christopher High School, construct and modernize aging classrooms, libraries, fire safety and security systems and school buildings for safe, secure and improved learning environments, upgrade electrical, heating, ventilation, roofing, plumbing, and technology systems and computer equipment (the “2008 Authorization”). On March 12, 2009, the Gilroy Unified School District 2009 General Obligation Bonds (Election of 2008, Series A) (the “Series 2009 Bonds”), in an aggregate initial principal amount of \$49,986,615, were issued as the first series of bonds to be issued under the 2008 Authorization. On April 15, 2010, the Gilroy Unified School District 2010 General Obligation Bond Anticipation Notes (Measure P) (the “Series 2010 Notes”), in an aggregate initial principal amount of \$44,996,556.20, were issued in anticipation of an additional series of bonds to be issued under the 2008 Authorization. On June 23, 2011, the Gilroy Unified School District 2011 General Obligation Bond Anticipation Notes (Measure P) (Qualified School Construction Bonds – Federally Taxable) (the “Series 2011 Notes”), in an aggregate principal amount of \$15,385,000, were issued to defease a portion of the Series 2010 Notes and to fund additional projects in anticipation of an additional series of bonds to be issued under the 2008 Authorization. The Series 2011 Notes matured on April 1, 2015. On March 13, 2013, the Gilroy Unified School District (County of Santa Clara, California) General Obligation Bonds, Election of 2008, Series 2013 (the “Series 2013 Bonds”), in an aggregate initial principal amount of \$40,670,000, were issued as the second series of bonds to be issued under the 2008 Authorization. The Series 2013 Bonds were issued to provide the funds necessary to pay the Series 2010 Notes that were not defeased by the Series 2011 Notes. The Series 2010 Notes matured on April 1, 2013. On February 29, 2015, the Gilroy Unified School District (County of Santa Clara, California) General Obligation Bonds, Election of 2008, Series 2015 (the “Series 2015 Bonds”), in an aggregate principal amount of \$30,385,000, were issued as the third series of bonds to be issued under the 2008 Authorization. The Series 2015 Bonds were issued to provide the funds necessary to pay the outstanding 2011 Notes and finance specific construction, repair and improvement projects approved by the voters of the District. On May 14, 2019, a portion of the Gilroy Unified School District (Santa Clara County, California), Elections of 2008 and 2016, Series 2019 (the “Series 2019 Bonds”), in an aggregate principal amount of \$28,955,000 was authorized under the 2008 Authorization as the fourth and final series of bonds to be issued under the 2008 Authorization.

**Refunding Bonds.** On March 13, 2013, the Gilroy Unified School District (County of Santa Clara, California) General Obligation Refunding Bonds, Series 2013 (the “Series 2013 Refunding Bonds”), in an aggregate principal amount of \$70,000,000, were issued by the District to refund on an advance basis a portion of the Series 2003 Bonds, a portion of the Series 2005 Bonds, and a portion of the Series 2009 Bonds to their maturity date. The Gilroy School Facilities Financing Authority also issued the Gilroy School Facilities Financing Authority General Obligation Revenue Bonds, Series A on March 13, 2013, for the purpose of purchasing the District’s Series 2013 Bonds and Series 2013 Refunding Bonds.

On February 29, 2015, the Gilroy Unified School District (County of Santa Clara, California) General Obligation Refunding Bonds, Series 2015 (the “Series 2015 Refunding Bonds”), in the aggregate principal amount of \$35,300,000, were issued by the District to advance refund a portion of the outstanding Series 2009 Bonds.

**2016 Authorization.** At an election held on June 7, 2016, the District received authorization under Measure E to issue general obligation bonds of the District in an aggregate principal amount not to exceed



\$170,000,000 to finance specified projects (the “2016 Authorization”). On January 19, 2017, the Gilroy Unified School District (Santa Clara County, California) General Obligation Bonds, Election of 2016, Series 2017 (the “Series 2016 Bonds”), in the aggregate principal amount of \$60,000,000, were issued as the first series of bonds to be issued under the 2016 Authorization. On May 14, 2019, a portion of the Series 2019 Bonds in an aggregate principal amount of \$15,320,000 was authorized under the 2016 Authorization as the second series of bonds to be issued under the 2016 Authorization. The amount of \$94,680,000 remains authorized but unissued under the 2016 Authorization.

A summary of the District’s general obligation bonded debt is set forth on the following page.

As described herein, the Prior District Bonds and the corresponding Prior Authority Bonds will be refunded with a portion of the proceeds from the Refunding Bonds. See “– Plan of Refunding.”

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## Aggregate Debt Service

The following table sets forth the annual aggregate debt service requirements of all outstanding bonds of the District, including the Refunding Bonds, assuming no early redemptions other than mandatory sinking fund payments.

### GILROY UNIFIED SCHOOL DISTRICT (Santa Clara County, California) General Obligation Bonds – Aggregate Debt Service<sup>(1)</sup>

Period Ending August 1,	Series 2009 Bonds	Series 2015 Bonds	Series 2015 Refunding Bonds	Series 2017 Bonds	Series 2019 Bonds	Refunding Bonds	Aggregate Total Debt Service
2020	-	\$ 1,174,456.26	\$ 4,287,450.00	\$ 2,078,175.00	\$ 5,395,050.00	\$ 5,720,370.19	\$ 18,655,501.45
2021	-	1,174,456.26	4,541,650.00	2,078,175.00	5,852,250.00	5,656,830.56	19,303,361.82
2022	-	1,174,456.26	4,653,650.00	2,078,175.00	1,525,250.00	5,550,422.30	14,981,953.56
2023	-	1,174,456.26	4,851,050.00	2,078,175.00	1,499,450.00	5,270,217.30	14,873,348.56
2024	-	1,174,456.26	5,055,050.00	2,078,175.00	1,524,450.00	5,343,322.30	15,175,453.56
2025	-	1,174,456.26	5,189,850.00	2,078,175.00	1,548,250.00	4,883,994.30	14,874,725.56
2026	-	1,174,456.26	5,617,650.00	2,078,175.00	1,555,850.00	4,635,067.80	15,061,199.06
2027	-	1,174,456.26	6,006,250.00	2,078,175.00	1,497,850.00	4,913,011.50	15,669,742.76
2028	-	1,174,456.26	2,100,000.00	2,078,175.00	1,490,350.00	4,618,953.20	11,461,934.46
2029	\$ 5,400,000.00	1,174,456.26	-	2,818,175.00	1,537,850.00	4,456,080.00	15,386,561.26
2030	6,200,000.00	1,174,456.26	-	2,941,175.00	1,567,600.00	4,451,474.40	16,334,705.66
2031	3,100,000.00	1,174,456.26	-	3,066,175.00	1,517,800.00	4,454,381.20	13,312,812.46
2032	3,400,000.00	1,174,456.26	-	3,197,675.00	1,624,600.00	4,455,762.00	13,852,493.26
2033	-	2,534,456.26	-	3,334,925.00	1,911,800.00	6,675,566.80	14,456,748.06
2034	-	2,678,656.26	-	3,476,725.00	1,902,000.00	6,961,295.80	15,018,677.06
2035	-	2,712,306.26	-	3,688,800.00	1,896,600.00	7,359,634.80	15,657,341.06
2036	-	2,818,556.26	-	3,986,800.00	2,285,400.00	7,715,271.30	16,806,027.56
2037	-	2,920,156.26	-	4,144,800.00	2,482,600.00	8,085,319.90	17,632,876.16
2038	-	3,714,687.50	-	4,312,800.00	2,700,200.00	7,813,816.40	18,541,503.90
2039	-	3,827,500.00	-	4,485,000.00	2,887,000.00	8,215,848.30	19,415,348.30
2040	-	4,048,000.00	-	4,665,800.00	1,288,800.00	8,529,881.80	18,532,481.80
2041	-	4,400,000.00	-	4,849,400.00	1,266,600.00	8,769,219.20	19,285,219.20
2042	-	4,429,800.00	-	5,045,200.00	1,239,800.00	9,323,755.00	20,038,555.00
2043	-	2,672,200.00	-	5,247,200.00	1,223,600.00	11,552,388.00	20,695,388.00
2044	-	2,688,400.00	-	5,454,600.00	1,192,600.00	12,172,930.20	21,508,530.20
2045	-	-	-	5,676,600.00	3,852,400.00	12,831,682.60	22,360,682.60
2046	-	-	-	5,902,000.00	3,810,400.00	13,601,290.40	23,313,690.40
2047	-	-	-	-	5,310,400.00	12,501,875.80	17,812,275.80
2048	-	-	-	-	13,145,600.00	-	13,145,600.00
<b>Total:</b>	<b>\$18,100,000.00</b>	<b>\$54,712,650.18</b>	<b>\$42,302,600.00</b>	<b>\$94,997,425.00</b>	<b>\$76,532,400.00</b>	<b>\$206,519,663.35</b>	<b>\$493,164,738.53</b>

<sup>(1)</sup> Reflects the refunding of the Prior District Bonds from proceeds of the Refunding Bonds.  
Source: Raymond James & Associates, Inc.

## **SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS**

### **General**

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

The Refunding Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Refunding Bonds.

### **Statutory Lien on Taxes (Senate Bill 222)**

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

### **Pledge of Tax Revenues**

The District has pledged all revenues from the *ad valorem* taxes collected from the levy by the Board of Supervisors of the County for the payment of all bonds, including the Refunding Bonds (collectively, the "Bonds"), of the District heretofore or hereafter issued pursuant to voter approved measures of the District and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the Bonds. The Resolution provides that the property taxes and amounts held in the Interest and Sinking Fund of the District shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The Resolution provides that this pledge constitutes an agreement between the District and the owners of Bonds to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds secured by the pledge are or were issued to finance (or refinance) one or more of the projects specified in the applicable voter-approved measure.

### **Property Taxation System**

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

Local property taxation is the responsibility of various county officers. School districts whose boundaries extend into more than one county are treated for property tax purposes as separate jurisdictions in each county in which they are located. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. Both the county auditor-controller and the county treasurer-tax collector have accounting responsibilities related to the collecting of property taxes. Once collected, the county auditor-controller apportions and distributes the taxes to the various taxing entities and related funds and accounts. The county treasurer-tax collector, the superintendent of schools of which has jurisdiction over the school district, holds school district funds, including taxes collected for payment of bonds issued by school districts, and is charged with payment of principal and interest on the bonds when due, as ex-officio treasurer of the school district.

### **Assessed Valuation of Property Within the District**

**General.** Taxable property located in the District has a fiscal year 2019-20 assessed value of \$11,341,890,510. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the California Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

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

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

the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State’s methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

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

The following table sets forth the assessed valuation of the various classes of property in the District’s boundaries from fiscal year 2005-06 through fiscal year 2019-20, each as of the date the equalized assessment roll is established in August of each year.

**GILROY UNIFIED SCHOOL DISTRICT**  
**(Santa Clara County, California)**  
**Assessed Valuations**  
**Fiscal Years 2005-06 through 2019-20**

Fiscal Year	Local Secured	Utility	Unsecured	Total
2005-06	\$ 6,188,386,506	\$107,173,790	\$266,535,482	\$6,562,095,778
2006-07	6,884,295,668	102,680,381	247,802,970	7,234,779,019
2007-08	7,574,634,011	95,186,126	270,802,768	7,940,622,905
2008-09	7,985,684,560	94,891,614	310,868,472	8,391,444,646
2009-10	7,359,223,089	82,191,614	300,724,886	7,742,139,589
2010-11	6,952,983,187	80,991,614	262,559,893	7,296,534,694
2011-12	6,894,019,920	78,786,252	315,689,869	7,288,496,041
2012-13	6,913,331,868	72,186,252	305,270,340	7,290,788,460
2013-14	7,405,387,641	64,286,252	297,590,804	7,767,264,697
2014-15	7,968,842,255	52,575,894	303,865,605	8,325,283,754
2015-16	8,440,277,810	47,075,894	301,238,448	8,788,592,152
2016-17	9,109,662,212	42,175,894	314,078,918	9,465,917,024
2017-18	9,666,979,532	39,375,894	304,456,971	10,010,812,397
2018-19	10,332,177,849	38,983,256	318,576,605	10,689,737,710
2019-20	10,982,111,412	32,583,256	327,195,842	11,341,890,510

Source: California Municipal Statistics, Inc.

**Risk of Decline in Property Values.** Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District’s control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, drought, flood, landslide, liquefaction, levee failure, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also “–*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*” below.

**Risk of Changing Economic Conditions; Risk of Earthquake.** Property values could be reduced by factors beyond the District’s control, including an earthquake, or a depressed real estate market due to general economic conditions in the County, the region, and the State. The District is located in a seismically

active region. Active earthquake faults include the Calaveras fault to the east, and the San Andreas and Sargent faults to the west.

**Drought.** In recent years California has experienced severe drought conditions. In January 2014, the Governor declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the “State Water Board”) subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. It is not possible for the District to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District.

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

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

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

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor’s office, the County has in the past, pursuant to Article XIII A of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues” for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

**Bonding Capacity.** As a unified school district, the District may issue bonds in an amount up to 2.50% of the assessed valuation of taxable property within its boundaries. The District’s fiscal year 2019-20 gross bonding capacity (also commonly referred to as the “bonding limit” or “debt limit”) is approximately \$283.55 million and its net bonding capacity is approximately \$43.08 million (taking into account current outstanding debt before issuance of the Refunding Bonds and not accounting for the refunding of the Prior District Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District’s bonding capacity.

**Assessed Valuation by Jurisdiction.** The following table describes the percentage and value of the total assessed valuation of the property within the District’s boundaries that reside in the City of Gilroy and unincorporated portions of the County for fiscal year 2019-20.

**GILROY UNIFIED SCHOOL DISTRICT  
(Santa Clara County, California)  
2019-20 Assessed Valuation by Jurisdiction**

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Gilroy	\$ 9,291,636,386	81.92%	\$9,291,636,386	100.00%
Unincorporated Santa Clara County	2,050,254,124	18.08	19,030,476,621	10.77
Total District	\$11,341,890,510	100.00%		
Santa Clara County	\$11,341,890,510	100.00%	\$515,510,037,706	2.20%

Source: California Municipal Statistics Inc.

**Assessed Valuation by Land Use.** The following table sets forth a distribution of taxable property located in the District on the fiscal year 2019-20 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**GILROY UNIFIED SCHOOL DISTRICT  
(Santa Clara County, California)  
2019-20 Assessed Valuation and Parcels by Land Use**

	2019-20 Assessed Valuation <sup>(1)</sup>	% of Total	No. of Parcels	% of Total
<b><u>Non-Residential:</u></b>				
Agricultural	\$ 745,896,012	6.79%	1,754	9.35%
Commercial/Office	1,100,961,336	10.03	557	2.97
Industrial	574,164,559	5.23	261	1.39
Recreational	17,518,525	0.16	44	0.23
Government/Social/Institutional	64,897,714	0.59	348	1.86
Miscellaneous	33,527,850	0.31	72	0.38
Subtotal Non-Residential	<u>\$2,536,965,996</u>	<u>23.10%</u>	<u>3,036</u>	<u>16.19%</u>
<b><u>Residential:</u></b>				
Single Family Residence	\$7,514,470,466	68.42%	13,270	70.75%
Condominium/Townhouse	187,582,471	1.71	743	3.96
Mobile Home	11,825,596	0.11	180	0.96
2-4 Residential Units	186,785,832	1.70	395	2.11
5+ Residential Units/Apartments	297,253,650	2.71	200	1.07
Miscellaneous Residential	2,127,162	0.02	8	0.04
Subtotal Residential	<u>\$8,200,045,177</u>	<u>74.67%</u>	<u>14,796</u>	<u>78.88%</u>
Vacant/Undeveloped	\$245,100,239	2.23%	925	4.93%
<b>Total</b>	<b>\$10,982,111,412</b>	<b>100.00%</b>	<b>18,757</b>	<b>100.00%</b>

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



**Assessed Valuation of Single-Family Homes.** The following table sets forth the assessed valuation of single-family homes in the District’s boundaries for fiscal year 2019-20, including the median and average assessed valuation of single family parcels.

**GILROY UNIFIED SCHOOL DISTRICT  
(Santa Clara County, California)  
2019-20 Per Parcel Assessed Valuation of Single Family Homes**

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	13,270	\$7,514,470,466	\$566,275	\$553,848

2019-20 Assessed Valuation	No. of Parcels <sup>(1)</sup>	Percent of Total	Cumulative Percent of Total	Total Valuation	Percent of Total	Cumulative Percent of Total
\$0 - \$99,999	795	5.991%	5.991%	\$ 50,854,425	0.677%	0.677%
\$100,000 - \$199,999	846	6.375	12.366	128,689,867	1.713	2.389
\$200,000 - \$299,999	1,213	9.141	21.507	308,165,058	4.101	6.490
\$300,000 - \$399,999	1,528	11.515	33.022	534,442,105	7.112	13.602
\$400,000 - \$499,999	1,434	10.806	43.828	648,564,809	8.631	22.233
\$500,000 - \$599,999	1,592	11.997	55.825	878,482,924	11.691	33.924
\$600,000 - \$699,999	1,752	13.203	69.028	1,140,514,407	15.178	49.101
\$700,000 - \$799,999	1,514	11.409	80.437	1,130,238,440	15.041	64.142
\$800,000 - \$899,999	1,021	7.694	88.131	862,335,359	11.476	75.618
\$900,000 - \$999,999	572	4.310	92.442	541,623,656	7.208	82.826
\$1,000,000 - \$1,099,999	302	2.276	94.717	316,076,395	4.206	87.302
\$1,100,000 - \$1,199,999	217	1.635	96.353	247,908,037	3.299	90.331
\$1,200,000 - \$1,299,999	136	1.025	97.378	169,276,137	2.253	92.584
\$1,300,000 - \$1,399,999	126	0.950	98.327	169,165,927	2.251	94.835
\$1,400,000 - \$1,499,999	61	0.460	98.787	87,722,728	1.167	96.002
\$1,500,000 - \$1,599,999	38	0.286	99.073	58,512,033	0.779	96.781
\$1,600,000 - \$1,699,999	24	0.181	99.254	39,561,139	0.526	97.307
\$1,700,000 - \$1,799,999	25	0.188	99.442	43,544,355	0.579	97.887
\$1,800,000 - \$1,899,999	19	0.143	99.586	35,168,726	0.468	98.355
\$1,900,000 - \$1,999,999	9	0.068	99.653	17,529,961	0.233	98.588
\$2,000,000 and greater	46	0.347	100.000	106,093,978	1.412	100.000
<b>Total</b>	<b>13,270</b>	<b>100.000%</b>		<b>\$7,514,470,466</b>	<b>100.000%</b>	

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

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**Largest Taxpayers in District.** The following table sets forth the 20 taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2019-20 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are set forth below.

**GILROY UNIFIED SCHOOL DISTRICT  
(Santa Clara County, California)  
Largest 2019-20 Local Secured Taxpayers**

Property Owner	Primary Land Use	2019-20 Assessed Valuation	Percent of Total <sup>(1)</sup>
1. Simon Property Group	Outlet Stores	\$216,750,517	1.97%
2. Excel Gilroy LLC	Commercial	77,783,995	0.71
3. Olam West Coast Inc.	Food Processing	69,183,747	0.63
4. United Natural Foods West Inc.	Food Processing	59,227,472	0.54
5. Mabury Vineyards LLC	Apartments	55,665,651	0.51
6. Christopher Ranch LLC	Agricultural	43,848,521	0.40
7. Pacheco Pass Retail XII LLC	Commercial	43,660,386	0.40
8. Wal Mart Real Estate Business Trust	Commercial	33,720,630	0.31
9. Performance Food Group Inc.	Food Processing	31,681,994	0.29
10. 7610 Isabella Way LLC	Residential Care Facilities	30,930,799	0.28
11. E P & G South Valley Plaza LLC	Commercial	27,540,000	0.25
12. CalAtlantic Group Inc.	Residential Development	26,977,077	0.25
13. Calpine Gilroy Cogen LP	Industrial	26,392,634	0.24
14. Zanker Road Resource Management Ltd.	Disposal Site and Recycling	25,914,430	0.24
15. Central Valley Coalition	Apartments	25,173,640	0.23
16. Costco Wholesale Corporation	Commercial	23,013,776	0.21
17. Tri Point Homes Inc.	Residential Development	21,978,500	0.20
18. Redwoods Wheeler LP	Apartments	19,952,347	0.18
19. Laurence F. Jorstad, Trustee.	Residential Properties	19,392,111	0.18
20. Sterigencs US LLC	Industrial	17,713,699	0.16
		\$896,501,926	8.16%

<sup>(1)</sup> 2019-20 local secured assessed valuation: \$10,982,111,412.  
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer’s financial situation and ability or willingness to pay property taxes in a timely manner. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District’s control. See “–*Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*” above.

**Tax Rates**

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

The rate of tax necessary to pay fixed debt service on the Refunding Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Refunding Bonds is based on the prior year’s secured property tax rate.) Economic and other factors beyond the District’s control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational,

hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Refunding Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

**Typical Tax Rate Area.** The following table sets forth *ad valorem* property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 2-001). This Tax Rate Area comprises approximately 65.42% of the total fiscal year 2018-19 assessed value of the District. Such tax rate data is not yet available for fiscal year 2019-20.

**GILROY UNIFIED SCHOOL DISTRICT**  
**(Santa Clara County, California)**  
**Typical Total Tax Rates per \$100 of Assessed Valuation (TRA 2-001)**  
**Fiscal Years 2014-15 through 2018-19**

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	\$1.00000
County Retirement Levy	0.03880	0.03880	0.03880	0.03880	0.03880
County Library	0.00240	0.00240	0.00240	0.00240	0.00240
County Hospital and Housing Bonds	0.00910	0.00880	0.00860	0.02086	0.01770
City of Gilroy Bonds	0.03400	0.02900	0.02720	0.02600	0.02500
Gavilan Joint Community College District Bond	0.02390	0.02260	0.02160	0.02000	0.01920
Gilroy Unified School District Bonds	0.11650	0.10710	0.16140	0.15280	0.10840
Total Tax Rate	<u>\$1.22470</u>	<u>\$1.20870</u>	<u>\$1.26000</u>	<u>\$1.26086</u>	<u>\$1.21150</u>
Santa Clara Valley Water District State Water Project	\$0.00650	\$0.00570	\$0.00860	\$0.00620	\$0.00420
Total Land and Improvement	<u>\$0.00650</u>	<u>\$0.00570</u>	<u>\$0.00860</u>	<u>\$0.00620</u>	<u>\$0.00420</u>

Source: California Municipal Statistics, Inc.

## Tax Charges and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory process enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Series 2019 Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a \$10 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer-tax collector.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer-tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The county treasurer-tax collector may also bring a civil suit against the taxpayer for payment.

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

The following table sets forth real property tax charges and corresponding delinquencies for the general obligation bond debt service levy with respect to the property located in the District for fiscal years 2014-15 through 2018-19. The County does not provide the secured tax charges and corresponding delinquencies for the 1% general fund levy with respect to property located in the County. See “ – *Teeter Plan*” below.

**GILROY UNIFIED SCHOOL DISTRICT**  
**(Santa Clara County, California)**  
**Secured Tax Charges and Delinquencies<sup>(1)</sup>**  
**Fiscal Years 2014-15 through 2018-19**

Fiscal Year	Secured Tax Charge <sup>(1)</sup>	Amount Delinquent June 30	Percentage Delinquent June 30
2014-15	\$ 9,250,225.16	\$105,218.15	1.14%
2015-16	9,018,353.09	90,751.80	1.01
2016-17	14,559,197.15	135,673.72	0.93
2017-18	14,716,278.34	113,342.92	0.77
2018-19	11,165,478.97	107,293.06	0.96

<sup>(1)</sup> General obligation bond debt service levy only.  
Source: California Municipal Statistics, Inc.

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

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

### **Direct and Overlapping Debt**

Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective September 12, 2019 for debt outstanding as of September 1, 2019. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two sets forth the percentage of each overlapping agency’s assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not set forth in the table) produces the amount set forth in column three, which is the apportionment of each overlapping agency’s outstanding debt to taxable property in the District.

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

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**GILROY UNIFIED SCHOOL DISTRICT**  
**(Santa Clara County, California)**  
**Statement of Direct and Overlapping Bonded Debt**

September 12, 2019

2019-20 Assessed Valuation: \$11,341,890,510

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable<sup>(1)</sup></u>	<u>Debt 9/1/19</u>
Santa Clara County	2.214%	\$ 19,515,414
Gavilan Joint Community College District	32.183	39,929,448
Gilroy Unified School District	100.000	240,469,559 <sup>(2)</sup>
City of Gilroy	100.000	27,915,000
City of Gilroy Community Facilities District No. 2000-1	100.000	7,212,008
Santa Clara Valley Water District Benefit Assessment District	2.214	1,628,840
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$336,670,269
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Santa Clara County General Fund Obligations	2.214%	\$21,863,895
Santa Clara County Pension Obligation Bonds	2.214	7,682,506
Santa Clara County Board of Education Certificates of Participation	2.214	94,206
Gavilan Joint Community College District General Obligation Bonds	32.183	4,340,199
Gilroy Unified School District Certificates of Participation	100.000	25,110,000
City of Gilroy Certificates of Participation	100.000	37,515,000
Santa Clara County Vector Control District Certificates of Participation	2.214	49,704
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$96,655,510
Less: Santa Clara County supported obligations		7,121,961
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$89,533,549
GROSS COMBINED TOTAL DEBT		\$433,325,779 <sup>(3)</sup>
NET COMBINED TOTAL DEBT		\$426,203,818

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$240,469,559).....	2.12%
Combined Direct Debt (\$265,579,559) .....	2.34%
Total Direct and Overlapping Tax and Assessment Debt.....	2.97%
Gross Combined Total Debt.....	3.82%
Net Combined Total Debt .....	3.76%

<sup>(1)</sup> 2018-19 ratios.

<sup>(1)</sup> Excludes the Refunding Bonds; includes the Prior District Bonds.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

**TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Refunding Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Refunding Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix C hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Refunding Bonds that acquire their Refunding Bonds in the initial offering. The discussion

below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Refunding Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Refunding Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Refunding Bonds pursuant to this offering for the issue price that is applicable to such Refunding Bonds (i.e., the price at which a substantial amount of the Refunding Bonds are sold to the public) and who will hold their Refunding Bonds as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Refunding Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Refunding Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Refunding Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Refunding Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Refunding Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Refunding Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Refunding Bonds in light of their particular circumstances.

### ***U.S. Holders***

***Interest.*** Interest on the Refunding Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

Refunding Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Refunding Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Refunding Bond.

*Sale or Other Taxable Disposition of the Refunding Bonds.* Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a Refunding Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Refunding Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Refunding Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Refunding Bond (generally, the purchase price paid by the U.S. Holder for the Refunding Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Refunding Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Refunding Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

*Defeasance of the Refunding Bonds.* If the District defeases any Refunding Bond, the Refunding Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Refunding Bond.

*Information Reporting and Backup Withholding.* Payments on the Refunding Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Refunding Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Refunding Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Refunding Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### ***Non-U.S. Holders***

*Interest.* Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Refunding Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the District through stock ownership and (2) a bank which acquires such Refunding Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that



the beneficial owner of the Refunding Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading “Information Reporting and Backup Withholding,” or an exemption is otherwise established.

*Disposition of the Refunding Bonds.* Subject to the discussions below under the headings “Information Reporting and Backup Withholding” and “FATCA,” any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District or a deemed retirement due to defeasance of the Refunding Bond ) or other disposition of a Refunding Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition and certain other conditions are met.

*U.S. Federal Estate Tax.* A Refunding Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual’s death, provided that, at the time of such individual’s death, payments of interest with respect to such Refunding Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

*Information Reporting and Backup Withholding.* Subject to the discussion below under the heading “FATCA,” under current U.S. Treasury Regulations, payments of principal and interest on any Refunding Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Refunding Bond or a financial institution holding the Refunding Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

#### ***Foreign Account Tax Compliance Act (“FATCA”)—U.S. Holders and Non-U.S. Holders***

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Refunding Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Refunding Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

## **OTHER LEGAL MATTERS**

### **Legal Opinion**

The validity of the Refunding Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to the Refunding Bonds at the time of issuance substantially in the form set forth in Appendix C. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District, and for the Underwriter (defined herein) by Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation.

### **Legality for Investment in California**

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

### **Continuing Disclosure**

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

In the past five years, the District failed to timely file certain operating data required by its prior continuing disclosure undertakings in its annual reports for fiscal years 2015-16 and 2016-17.

Isom Advisors, a Division of Urban Futures, Inc. currently serves as the District's dissemination agent in connection with its prior undertakings and has been engaged by the District as its dissemination agent for its undertakings relating to the Refunding Bonds.

## **Litigation**

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

An incident of assault at Gilroy High School was alleged to have occurred during the last week of September 2019. The District continues to investigate the alleged incident. The District also understands that the Gilroy Police Department is continuing a concurrent investigation and has cited four students for sexual battery of another student with respect to the alleged incident. No claims have been filed against the District in connection with the alleged incident. The District is committed to providing a safe environment for all students, and maintaining the privacy rights and confidentiality of the students involved in these investigations.

From time to time, tort claims or lawsuits may be filed against the District. Said claims or lawsuits, ranging from claims of discrimination or harassment to physical injuries, are typically tendered to the District's insurer and, if accepted by the insurer, the District's defense is assigned to insurance counsel. In such cases, the District expects any liability to be covered by its insurance and does not expect its financial position or operations to be materially impacted. However, the District cannot predict the outcome of any such litigation or tort claims. The Refunding Bonds are payable from *ad valorem* taxes to be levied within the District and collected by the County, and such claims or lawsuits do not impact said levy or collection. When collected, such tax revenues will be deposited by the County in the Interest and Sinking Fund of the District, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

## **ESCROW VERIFICATION**

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter (defined herein) relating to the computation of projected receipts of principal and interest on the Defeasance Securities, and the projected payments of principal, redemption premium, if any, and interest to retire the Refunded Bonds will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the "Verification Agent"). Such computations will be based solely on assumptions and information supplied by the District and the Underwriter (defined herein). The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

## **MISCELLANEOUS**

### **Ratings**

Moody's Investors Service Inc. and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC have assigned their respective ratings of "Aa3" and "AA-" to the Refunding Bonds. Rating agencies generally base their respective rating on their own investigations, studies and assumptions as well as information and materials furnished to it (which may include information and materials from the District, which are not included in this Official Statement). The ratings reflect only the view of the rating agency furnishing the same, and any explanation of the significance of such rating should be obtained only

from the rating agency providing the same. Such ratings are not a recommendation to buy, sell or hold the Refunding Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Refunding Bonds. Neither the Underwriter (defined herein) nor the District has undertaken any responsibility after the offering of the Refunding Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

### **Professionals Involved in the Offering**

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Refunding Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Refunding Bonds. Isom Advisors, a Division of Urban Futures, Inc. is acting as the District's Municipal Advisor with respect to the Refunding Bonds. Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, is acting as Underwriter's Counsel with respect to the Refunding Bonds and will receive compensation from the Underwriter. Payment of the fees and expenses of the Municipal Advisor and Underwriter's Counsel is also contingent upon the sale and delivery of the Refunding Bonds. From time to time, Bond Counsel represents the Underwriter (defined herein) on matters unrelated to the Refunding Bonds.

### **Underwriting**

The Refunding Bonds are being purchased for reoffering to the public by Raymond James & Associates, Inc. (the "Underwriter"), pursuant to the terms of a bond purchase agreement executed on October 8, 2019 (the "Purchase Agreement"), by and between the Underwriter and the District. The Underwriter has agreed to purchase the Refunding Bonds at a price of \$123,736,630.75 (which represents the aggregate principal amount of the Refunding Bonds, less an Underwriter's discount in the amount of \$428,369.25). The Purchase Agreement provides that the Underwriter will purchase all of the Refunding Bonds, subject to certain terms and conditions set forth in the Purchase Agreement, including the approval of certain legal matters by counsel.

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

**ADDITIONAL INFORMATION**

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

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 Refunding Bonds.

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

**GILROY UNIFIED SCHOOL DISTRICT**

By:           /s/ Deborah A. Flores, Ph.D.            
Superintendent

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## APPENDIX A

### INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

*The information in this appendix concerning the operations of the Gilroy Unified School District (the "District"), the District's finances, and State of California (the "State") funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Refunding Bonds is payable from the general fund of the District or from State revenues. The Refunding Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County of Santa Clara on property within the District in an amount sufficient for the timely payment of principal of and interest on the Refunding Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS" in the front portion of the Official Statement.*

### THE DISTRICT

#### Introduction

The District is located in the County of Santa Clara (the "County") and provides public education in kindergarten through twelfth grade ("K-12") within an approximately 260-square-mile area that includes all of the City of Gilroy and adjoining unincorporated areas.

The District operates eight elementary schools, three middle schools, two comprehensive high schools, one early college academy, one continuation high school and one adult education center. The District's enrollment for fiscal year 2019-20 is approximately 11,000 students, and the District's budgeted fiscal year 2019-20 general fund expenditures are approximately \$142.37 million based on the District's revised budget. Taxable property in the District has a fiscal year 2019-20 total assessed value of \$11,341,890,510. As of September 2019, the District employed 576 full-time equivalent ("FTE") certificated (teaching staff) employees, 414 FTE classified employees and 61 management and supervisory personnel. The District operates under the jurisdiction of the Santa Clara County Superintendent of Schools.

The District is governed by a Board of Education ("Board") consisting of seven trustees publicly elected to serve four-year terms in staggered years. To enhance communication and collaboration between the Board and the student body, the Board supports student participation in District governance. Pursuant to Board Bylaws, high school students within the District may submit a petition requesting that the Board appoint one or more student representatives/trustees (up to one student trustee for each District-operated high school) for a term of one year, commencing on July 1. Once appointed, student representatives have the right to be seated with other members of the Board during open-session, participate in the questions and discussions and cast preferential votes on all open-session matters. Preferential votes are formal expression of the opinion of the student trustee(s) on the matters presented to the Board and are recorded in the minutes, but do not affect the outcome of a Board vote.

On September 5, 2019, the Board decided to close the Antonio Del Buono Elementary School in summer 2020 (following the conclusion of the current school year) due to declining enrollment. Beginning with the 2020-21 school year, students from the Antonio Del Buono Elementary School will attend either Luigi Aprea Elementary School or Rucker Elementary School.

The District's day-to-day operations are managed by a board-appointed Superintendent of Schools (the "Superintendent"). Deborah A. Flores, Ph.D., has served as the Superintendent of the District since

May 2007. Dr. Flores began her educational career in 1975 as a special education teacher, and has worked in various capacities in California school districts since 1988, including as the Superintendent of Lucia Mar Unified School District in San Luis Obispo County.

**Board of Education**

Each December the Board elects a President and Vice President to serve one-year terms. Current members of the Board, together with their office and the date their term expires, are listed below.

**GILROY UNIFIED SCHOOL DISTRICT  
(Santa Clara County, California)**

**Board of Education**

Name	Office	Term Expires
James E. Pace	President	December 2020
Mark Good	Vice President	December 2020
Enrique Diaz	Member	December 2022
B.C. Doyle	Member	December 2020
Tuyen Fiack	Member	December 2022
Anisha Munshi	Member	December 2022
Linda Piceno	Member	December 2022

**Superintendent and Business Services 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. Information concerning the Superintendent and certain other key administrative personnel is set forth below.

***Deborah A. Flores, Ph.D., Superintendent.*** Dr. Deborah Flores has been the Superintendent of the District since July 2007. Dr. Flores has been a superintendent of schools for 10 years. Prior to joining the District, she was superintendent of two school districts: Lucia Mar Unified School District located in Arroyo Grande, California, and Santa Barbara School District in Santa Barbara, California. Dr. Flores also held the positions of Assistant and Deputy Superintendent in the Santa Barbara School District, where she worked for almost 15 years. Prior to coming to California in 1988, Dr. Flores worked in the field of special education, first as a special education teacher at an elementary level and then as a special education director (K-12). She also held the position of Pupil Services Director where she was responsible for a broad range of programs, including special education, categoricals, guidance counseling and assessment. After moving to California, she initially worked for the Riverside County Office of Education in the child development division and administered preschool programs throughout Riverside County. Dr. Flores has a Ph.D. from the University of California in Santa Barbara in Educational Administration, a Master’s in Education, and a Bachelors of Arts from the University of Massachusetts – Amherst. Dr. Flores has received a number of awards including: Teacher of the Year (Amherst, Mass.), Woman of Achievement (Riverside County), ACSA Central Office Administrator of the Year (Santa Barbara, California) and ACSA Superintendent of the Year.

***Alvaro Meza, Assistant Superintendent, Business Services.*** Mr. Meza has over 17 years of public school finance experience. He started his career as a financial analyst in 2002 at the Salinas City Elementary School District. While at Salinas City Elementary School District, he was promoted to Coordinator of Fiscal Services and then Controller. Mr. Meza became the Director of Fiscal Services while obtaining the



Chief Business Official Certificate from the California Association of School Business Officials. Mr. Meza became the Assistant Superintendent of Santa Cruz City Schools in 2009, where he helped such district regain its fiscal solvency and helped restored its positive certification. Mr. Meza joined the District in July 2013, and enjoys living and working in Gilroy. Mr. Meza has a Bachelor's of Arts in Economics and a Master's of Science in Applied Economics and Finance from the University of California, Santa Cruz.

## DISTRICT FINANCIAL MATTERS

### State Funding of Education; State Budget Process

**General.** As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF") (see "*Allocation of State Funding to School Districts; Local Control Funding Formula*") and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see "*Local Sources of Education Funding*"). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has budgeted to receive approximately 45.20% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), budgeted at approximately \$58.29 million in fiscal year 2019-20. Such amount includes both the State funding provided under the LCFF as well as other State revenues (see "*Allocation of State Funding to School Districts; Local Control Funding Formula*," "*Attendance and LCFF*" and "Other District Revenues – *Other State Revenues*" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

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

In connection with the State Budget Act for fiscal year 2013-14, the State and local education agencies therein implemented the LCFF. Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "*Allocation of State Funding to School Districts; Local Control Funding Formula*" for more information.

**State Budget Process.** According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. The budget requires a simple majority vote of each house of the State Legislature for passage. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two-thirds vote of the State Legislature is required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2019-20 State budget on June 27, 2019.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis*

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

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

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

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

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring

apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

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

**2019-20 State Budget.** The Governor signed the fiscal year 2019-20 State Budget (the "2019-20 State Budget") on June 27, 2019. The 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20 that projects approximately \$143.8 billion in revenues, and \$91.9 billion in non-Proposition 98 expenditures and \$55.9 billion in Proposition 98 expenditures. The 2019-20 State Budget includes a \$1.4 billion reserve in the Special Fund for Economic Uncertainties. To provide immediate and long-term relief to school districts facing rising pension costs, the 2019-20 State Budget includes a \$3.15 billion non-Proposition 98 General Fund payment to the California State Teachers' Retirement System ("CalSTRS") and the California Public Employees' Retirement System ("CalPERS") Schools Pool. Of this amount, an estimated \$850 million will buy down the employer contribution rates in fiscal years 2019-20 and 2020-21. The 2019-20 State Budget includes total funding of \$103.4 billion (\$58.8 billion General Fund and \$44.6 billion other funds) for all K-12 education programs. The 2019-20 State Budget provides \$1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26% cost of living adjustment. The 2019-20 State Budget also includes a constitutionally required deposit into the Public School System Stabilization Account (also referred to as the Proposition 98 Rainy Day Fund) in the amount of \$376.5 million. Such deposit to the Public School System Stabilization Account does not initiate any school district reserve caps, as the amount in the Public School System Stabilization Account (which is equal to the fiscal year 2019-20 deposit) is not equal to or greater than 3% of the total K-12 share of the Proposition 98 Guarantee (approximately \$2.1 billion).

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

- Special Education. The 2019-20 State Budget includes \$645.3 million ongoing Proposition 98 General Fund resources for special education, including \$152.6 million to provide for all Special Education Local Plan Areas with at least the statewide target rate for base special education funding, and \$492.7 million allocated based on the number of children ages 3 to 5 years with exceptional needs that the school district is serving.
- After School Education and Safety Program. The 2019-20 State Budget includes \$50 million ongoing Proposition 98 General Fund resources to provide an increase of approximately 8.3% to the per-pupil daily rate for the After School Education and Safety Program.

- Longitudinal Data System. The 2019-20 State Budget includes \$10 million one-time non-Proposition 98 General Fund resources to plan and develop a longitudinal data system to improve coordination across data systems and better track the impacts of State investments on achieving educational goals.
- Retaining and Supporting Well-Prepared Educators. The 2019-20 State Budget includes \$89.8 million one-time non-Proposition 98 General Fund resources to provide up to 4,487 grants of \$20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school for at least four years. The 2019-20 State Budget also includes \$43.8 million one-time non-Proposition 98 General Fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, to build capacity around key state priorities. Finally, the 2019-20 State Budget includes \$13.8 million ongoing federal funds to establish the 21st Century California Leadership Academy, to provide professional learning opportunities for public K-12 administrators and school leaders to acquire the knowledge, skills, and competencies necessary to successfully support the diverse student population served in California public schools.
- Broadband Infrastructure. The 2019-20 State Budget includes \$7.5 million one-time non-Proposition 98 General Fund resources to assist school districts in need of infrastructure and updates to meet the growing bandwidth needs of digital learning.
- School Facilities Bond Funds. The 2019-20 State Budget assumes \$1.5 billion Proposition 51 bond funds, an increase of \$906 million over the prior year, to support school construction projects.
- Full-Day Kindergarten. The 2019-20 State Budget includes \$300 million one-time non-Proposition 98 General Fund resources to construct new or retrofit existing facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.
- Proposition 98 Settle-Up. The 2019-20 State Budget includes an increase of \$686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through fiscal year 2017-18.
- Classified School Employees Summer Assistance Program. The 2019-20 State Budget includes an increase of \$36 million one-time Proposition 98 General Fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a State match for classified employee savings used to provide income during summer months.
- Wildfire-Related Cost Adjustments. The 2019-20 State Budget includes an increase of \$2 million one-time Proposition 98 General Fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, the 2019-20 State Budget includes an increase of \$727,000 one-time Proposition 98 General Fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses. Further, the 2019-20 State Budget holds both school districts and charter schools impacted by the wildfires harmless for State funding for two years.

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

***Future Budgets and Budgetary Actions.*** The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District’s ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State’s ability to fund schools during fiscal year 2019-20 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Refunding Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Refunding Bonds.

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

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

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos*”). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State’s authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years – such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

***Allocation of State Funding to School Districts; Local Control Funding Formula.*** Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under California Education Code Section 42238 and following, each school district was determined to have a target funding level: a “base revenue limit” per student multiplied by the district’s student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district’s prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs,

employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is an LCFF district.

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

- A Base Grant for each local education agency ("LEA"). The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2019-20, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to \$8,503 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to \$7,818 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to \$8,050 per A.D.A. for grades 7 and 8; (d) a Target Base Grant for each LEA equivalent to \$9,572 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12. Further, this amount also includes a costs of living adjustment of 3.26% authorized by the 2019-20 State Budget.
- A 20% Supplemental Grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional Concentration Grant of up to 50% of a LEA's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment.
- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every LEA receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF in fiscal year 2018-19. Upon full implementation in fiscal year 2018-19, LEAs now receive the greater of the Base Grant or the ERT.

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

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

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

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

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**Attendance and LCFF.** The following table sets forth the District’s actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, “EL/LI Students”), and targeted Base Grant per unit of A.D.A. for fiscal years 2014-15 through 2019-20, respectively. The A.D.A. and enrollment numbers reflected in the following table include special education students served at District school sites, but exclude special education students served at County facilities and the charter school, Gilroy Prep Academy (defined and described further herein).

**GILROY UNIFIED SCHOOL DISTRICT  
(Santa Clara County, California)  
Average Daily Attendance, Enrollment and Targeted Base Grant  
Fiscal Years 2014-15 through 2019-20**

Fiscal Year		A.D.A./Base Grant					Enrollment <sup>(10)</sup>		
		TK-3	4-6	7-8	9-12	Total A.D.A.	Total Enrollment	Unduplicated Percentage of EL/LI Students	
2014-15	A.D.A. <sup>(1)</sup> :	3,298	2,394	1,657	3,512	10,861	11,478	59.28%	
	Targeted Base Grant <sup>(2)(3)</sup> :	\$7,740	\$7,116	\$7,328	\$8,712	--	--	--	
2015-16	A.D.A. <sup>(1)</sup> :	3,165	2,426	1,695	3,574	10,860	11,435	59.17%	
	Targeted Base Grant <sup>(2)(4)</sup> :	\$7,083	\$7,189	\$7,403	\$8,578	--	--	--	
2016-17	A.D.A. <sup>(1)</sup> :	3,136.77	2,511.27	1,660.60	3,624.63	10,933.27	11,483	59.33%	
	Targeted Base Grant <sup>(2)(5)</sup> :	\$7,083	\$7,189	\$7,403	\$8,578	--	--	--	
2017-18	A.D.A. <sup>(1)</sup> :	3,117.01	2,498.65	1,661.69	3,622.87	10,900.22	11,290	59.73%	
	Targeted Base Grant <sup>(2)(6)</sup> :	\$7,083	\$7,189	\$7,403	\$8,578	--	--	--	
2018-19	A.D.A. <sup>(1)</sup> :	2,988.55	2,380.47	1,703.84	3,616.20	10,689.06	11,116	59.26%	
	Targeted Base Grant <sup>(2)(7)</sup> :	\$7,459	\$7,571	\$7,796	\$9,034	--	--	--	
2019-20 <sup>(8)</sup>	A.D.A. <sup>(8)</sup> :	2,951	2,348	1,665	3,571	10,535	10,942	59.00%	
	Targeted Base Grant <sup>(2)(9)</sup> :	\$8,503	\$7,818	\$8,050	\$9,572	--	--	--	

<sup>(1)</sup> A.D.A. for the second period of attendance, typically in mid-April of each school year, which does not reflect subsequent revisions related to days deemed later by the California Department of Education to have a “material decrease” in attendance or attendance at Saturday school.

<sup>(2)</sup> Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and include the grade span adjustment, but do not include any supplemental and concentration grants under the LCFF. Such amounts were not expected to be fully funded in fiscal years shown above. However, the LCFF was fully implemented as of fiscal year 2018-19, two years ahead of its anticipated implementation.

<sup>(3)</sup> Targeted fiscal year 2014-15 Base Grant amount reflects a 0.85% cost-of-living adjustment from targeted fiscal year 2013-14 Base Grant amounts.

<sup>(4)</sup> Targeted fiscal year 2015-16 Base Grant amount reflects a 1.02% cost-of-living adjustment from targeted fiscal year 2014-15 Base Grant amounts.

<sup>(5)</sup> Targeted fiscal year 2016-17 Base Grant amount reflects a 0.00% cost-of-living adjustment from targeted fiscal year 2015-16 Base Grant amounts.

<sup>(6)</sup> Targeted fiscal year 2017-18 Base Grant amount reflects a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.

<sup>(7)</sup> Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts. This “super COLA” amount was authorized by the 2018-19 State Budget and exceeds the statutory 2.71% cost-of-living adjustment.

<sup>(8)</sup> Figures are estimates.

<sup>(9)</sup> Targeted fiscal year 2019-20 Base Grant amount reflects a 3.26% cost-of-living adjustment from targeted fiscal year 2018-19 Base Grant amounts.

<sup>(10)</sup> Except for fiscal year 2019-20, reflects enrollment as of October report submitted to the California Department of Education through CBEDS for the 2013-14 and 2014-15 school years and California Longitudinal Pupil Achievement Data System (“CALPADS”) for the 2015-16 through 2017-18 school year. For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI Students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI Students was based on a rolling average of such school district’s EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: Gilroy Unified School District.



The District received approximately \$110.00 million (unaudited) in aggregate revenues reported under LCFF sources in fiscal year 2018-19, and has budgeted to receive approximately \$111.08 million in aggregate revenues under the LCFF in fiscal year 2019-20 (or approximately 86.14% of its general fund revenues in fiscal year 2019-20). Such amount includes supplemental grants and concentration grants of approximately \$10.60 million and \$1.95 million (unaudited), respectively, in fiscal year 2018-19, and budgeted to be \$10.81 million and \$1.99 million, respectively, in fiscal year 2019-20.

### **Local Sources of Education Funding**

The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. California Education Code Section 42238(h) itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some State equalization aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district.

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

Local property tax revenues account for approximately 56.19% of the District's aggregate revenues reported under LCFF sources and are budgeted to be approximately \$62.41 million, or 48.40% of total general fund revenues in fiscal year 2019-20.

For information about the property taxation system in California and the District's property tax base, see the sections titled "--Property Taxation System," "--Assessed Valuation of Property Within the District," and "--Tax Charges and Delinquencies," under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS" in the front portion of the Official Statement.

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

***Effect of Changes in Enrollment.*** Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently.

In an LCFF district, such as the District, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while

operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

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

### **Other District Revenues**

**Federal Revenues.** The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 5.24% (or approximately \$6.76 million) of the District's general fund budgeted revenues for fiscal year 2019-20.

**Other State Revenues.** In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues, consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into LCFF. Categorical funding for certain programs was excluded from LCFF, and school districts will continue to receive restricted State revenues to fund these programs. Other State revenues comprise approximately 7.46% (or approximately \$9.62 million) of the District's general fund budgeted revenues for fiscal year 2019-20.

A portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is budgeted at approximately \$2.14 million for fiscal year 2019-20.

**Other Local Revenues.** In addition to *ad valorem* property taxes, the District receives additional local revenues from sources, such as interest income, leases and rentals, educational foundations, donations and sales of property. Other local revenues comprise approximately 1.16% (or approximately \$1.49 million) of the District's general fund budgeted revenues for fiscal year 2019-20.

### **Charter Schools**

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

A school district has certain fiscal oversight and other responsibilities with respect to both dependent and independent charter schools. However, independent charter schools that receive their funding directly from the State are generally not included in a school district's financial reports and audited financial statements and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State. Dependent charter schools receive their funding from the school district and would generally be included in the school district's financial reports and audited financial statements.

There is currently one charter school, Gilroy Prep Academy/Navigator School ("Gilroy Prep Academy"), operating in the District. Gilroy Prep Academy is an independent charter school and operates under authorization from the District. Gilroy Prep Academy serves grades kindergarten through eighth grade. Enrollment in fiscal year 2018-19 was 534 students and is budgeted to be approximately 540 students in fiscal year 2019-20. The District's audited financial statements for fiscal year 2017-18, which are included as Appendix B, do not include the operations of Gilroy Prep Academy.

The District can make no representation as to whether enrollment at such charter school may increase at the expense of District enrollment in future years, whether additional charter schools will be established within the territory of the District, or as to the impact these or other charter school developments may have on the District's A.D.A. or finances in future years.

### **Significant Accounting Policies and Audited Financial Reports**

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2018, which are included as Appendix B.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The following table contains data abstracted from financial statements prepared by the District's independent auditor, James Marta & Company LLP, Certified Public Accountants, Sacramento, California for fiscal years 2013-14 through 2017-18.

James Marta & Company LLP has not been not been requested to consent to the use or to the inclusion of its reports in this Official Statement, and it has neither audited nor reviewed this Official Statement. The District is required by law to adopt its audited financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

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

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**GILROY UNIFIED SCHOOL DISTRICT**  
**(Santa Clara County, California)**  
**Statement of General Fund Revenues, Expenditures and Changes in Fund Balance**  
**Fiscal Years 2013-14 through 2017-18**

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
<b>REVENUES</b>					
LCFF Sources	\$ 73,207,474	\$ 82,832,526	\$ 94,762,947	\$ 102,732,634	\$ 104,363,166
Federal revenue	6,367,773	6,302,005	6,848,493	6,537,413	6,670,896
Other state revenues	7,454,890	8,027,141	15,086,496	12,246,189	11,532,820
Other local revenues	4,238,430	4,256,421	3,543,846	2,813,216	2,378,504
Total revenues	<u>91,268,567</u>	<u>101,418,093</u>	<u>120,241,782</u>	<u>124,329,452</u>	<u>124,945,386</u>
<b>EXPENDITURES</b>					
Certificated salaries	45,282,985	48,072,255	51,179,423	52,616,887	53,579,966
Classified salaries	13,680,082	15,545,110	16,660,800	17,697,290	18,464,661
Employee benefits	14,308,778	17,607,170	20,274,515	24,520,886	26,039,433
Books and supplies	3,279,003	4,404,176	4,388,955	6,551,093	7,239,594
Services and other operating expenditures	11,593,326	11,353,375	13,093,569	15,535,833	17,893,854
Capital outlay	770,471	756,554	1,483,298	1,263,884	697,119
Other outgo	2,515,304	1,896,340	2,194,903	2,613,495	3,145,435
Debt service expenditures	-	68,078	42,235	57,870	55,806
Total Expenditures	<u>91,429,949</u>	<u>99,703,058</u>	<u>109,317,698</u>	<u>120,857,238</u>	<u>127,115,868</u>
Excess of revenues over expenditures	<u>(161,382)</u>	<u>1,715,035</u>	<u>10,924,084</u>	<u>3,472,214</u>	<u>(2,170,482)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	299,410	-	-	-	-
Operating transfers out	(739,521)	-	(131,042)	(203,429)	-
Other sources	-	-	-	-	-
Other uses	-	-	-	-	-
Other financing sources (uses)	<u>(440,111)</u>	<u>-</u>	<u>(131,042)</u>	<u>(203,429)</u>	<u>-</u>
Net change in fund balances	(601,493)	1,715,035	10,793,042	3,268,785	(2,170,482)
Fund balances, July 1	<u>9,472,448</u>	<u>8,870,955</u>	<u>10,585,990</u>	<u>21,379,032</u>	<u>24,647,817</u>
Fund balances, June 30	<u>\$ 8,870,955</u>	<u>\$ 10,585,990</u>	<u>\$ 21,379,032</u>	<u>\$ 24,647,817</u>	<u>\$ 22,477,335</u>

Source: Gilroy Unified School District Audited Financial Reports for fiscal years 2013-14 through 2017-18.

The following table sets forth the general fund balance sheet of the District for fiscal years 2013-14 through 2017-18.

**GILROY UNIFIED SCHOOL DISTRICT**  
**(Santa Clara County, California)**  
**Summary of General Fund Balance Sheet**  
**Fiscal Years 2013-14 through 2017-18**

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,229,161	\$ 10,508,926	\$ 19,528,854	\$ 24,460,235	\$ 25,316,070
Accounts receivable	10,425,172	4,460,669	6,412,072	3,700,632	2,987,449
Stores	-	-	74,170	65,966	73,817
Other assets	48,550	60,619	-	-	-
Prepaid expenses	-	-	895	6,850	3,335
Due from other funds	512,756	376,981	662,906	892,220	616,703
Total assets	<u>\$ 14,215,639</u>	<u>\$ 15,587,195</u>	<u>\$ 26,678,897</u>	<u>\$ 29,125,903</u>	<u>\$ 28,997,374</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 4,311,993	\$ 4,428,778	\$ 4,271,030	\$ 3,018,015	\$ 5,204,166
Due to other funds	458,137	-	183,703	203,930	-
Unearned revenue	574,554	572,427	845,132	1,256,141	1,315,873
Total liabilities	<u>5,344,684</u>	<u>5,001,205</u>	<u>5,299,865</u>	<u>4,478,086</u>	<u>6,520,039</u>
Fund balances					
Nonspendable	180,866	85,619	100,065	122,816	127,152
Restricted	2,915,450	2,027,499	3,210,815	3,814,321	3,135,458
Committed	-	-	-	-	-
Assigned	462,832	2,396,247	4,828,364	5,964,742	5,679,206
Unassigned	5,311,807	6,076,625	13,239,788	14,745,938	13,535,519
Total fund balances	<u>8,870,955</u>	<u>10,585,990</u>	<u>21,379,032</u>	<u>24,647,817</u>	<u>22,477,335</u>
Total liabilities and fund balances	<u>\$ 14,215,639</u>	<u>\$ 15,587,195</u>	<u>\$ 26,678,897</u>	<u>\$ 29,125,903</u>	<u>\$ 28,997,374</u>

Source: Gilroy Unified School District Audited Financial Reports for fiscal years 2013-14 through 2017-18.

**District Budget Process and County Review**

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

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

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15

of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

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

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

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

A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 *et seq.*), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than

June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

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

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds.

A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

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

The table on the following page sets forth the District's adopted general fund budgets for fiscal years 2016-17 through 2019-20, and unaudited actuals for fiscal years 2016-17 through 2018-19.

**GILROY UNIFIED SCHOOL DISTRICT**  
**(Santa Clara County, California)**  
**General Fund Budgets for Fiscal Years 2016-17 through 2019-20**  
**and Unaudited Actuals for Fiscal Years 2016-17 through 2018-19**

	2016-17 Original Adopted Budget	2016-17 Unaudited Actuals <sup>(2)</sup>	2017-18 Original Adopted Budget	2017-18 Unaudited Actuals <sup>(2)</sup>	2018-19 Original Adopted Budget	2018-19 Unaudited Actuals <sup>(2)</sup>	2019-20 Original Adopted Budget
<b>REVENUES</b>							
LCFF Sources	\$99,877,327.00	\$102,732,634.93	\$104,137,111.00	\$104,363,165.23	\$108,423,647.00	\$110,001,781.52	\$111,078,668.00
Federal Revenue	6,775,677.69	6,537,413.75	6,295,927.00	6,670,895.32	6,207,026.76	6,939,127.42	6,756,951.57
Other State Revenue	6,850,166.36	12,246,189.51	8,249,260.00	11,532,820.20	11,916,673.69	17,920,316.12	9,620,840.19
Other Local Revenue	2,417,883.85	2,813,216.93	1,369,588.00	2,378,494.73	1,484,455.01	2,151,960.92	1,490,321.30
<b>TOTAL REVENUES</b>	<b>115,921,054.80</b>	<b>124,329,455.12</b>	<b>120,051,886.00</b>	<b>124,945,375.48</b>	<b>128,031,802.46</b>	<b>137,013,185.98</b>	<b>128,946,781.06</b>
<b>EXPENDITURES</b>							
Certificated Salaries	52,522,943.12	52,616,885.68	54,013,453.37	53,579,963.69	54,152,546.43	54,124,609.51	54,664,067.57
Classified Salaries	17,349,956.05	17,697,281.53	17,992,476.34	18,464,657.58	19,035,087.31	19,017,957.72	19,475,733.32
Employee Benefits	20,360,602.28	24,520,879.70	27,487,874.91	26,039,431.70	29,773,927.56	33,215,577.46	31,022,132.72
Books and Supplies	6,797,133.79	6,551,088.56	5,857,407.36	7,239,591.46	5,553,338.15	5,803,773.05	5,482,292.66
Services, Other Operating Expenses	13,297,031.90	15,535,861.46	13,455,497.14	17,893,847.87	13,216,604.79	17,547,870.02	15,594,885.48
Capital Outlay	1,180,161.65	1,263,882.33	258,125.71	697,117.60	414,752.35	456,410.82	632,486.98
Other Outgo (excluding Direct Support/Indirect Costs)	2,886,089.33	2,817,579.12	3,421,069.09	3,443,749.77	3,843,244.88	3,705,660.63	3,961,875.18
Transfers of Direct Support/Indirect Costs	(338,979.00)	(146,215.00)	(279,436.00)	(242,508.51)	(221,729.00)	(326,337.23)	(193,570.67)
<b>TOTAL EXPENDITURES</b>	<b>114,055,139.12</b>	<b>120,857,243.38</b>	<b>122,206,467.92</b>	<b>127,115,851.16</b>	<b>125,767,772.47</b>	<b>133,545,521.98</b>	<b>130,639,903.24</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,865,915.68</b>	<b>3,472,211.74</b>	<b>(2,154,581.92)</b>	<b>(2,170,475.68)</b>	<b>2,264,029.99</b>	<b>3,467,664.00</b>	<b>(1,693,122.18)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Inter-fund Transfers In	-	-	-	-	-	-	-
Inter-fund Transfers Out	-	(203,428.71)	-	-	(103,217.00)	-	-
Other Sources (Uses)	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
<b>TOTAL, OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(203,428.71)</b>	<b>-</b>	<b>-</b>	<b>(103,217.00)</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>1,865,915.68</b>	<b>3,268,783.03</b>	<b>(2,154,581.92)</b>	<b>(2,170,475.68)</b>	<b>2,160,812.99</b>	<b>3,467,664.00</b>	<b>(1,693,122.18)</b>
<b>BEGINNING BALANCE, as of July 1</b>	<b>11,874,556.40</b>	<b>21,460,709.93</b>	<b>11,462,142.63</b>	<b>24,647,815.39</b>	<b>13,090,028.52</b>	<b>22,477,339.71</b>	<b>12,490,335.24</b>
<b>Audit Adjustments<sup>(1)</sup> As of July 1 – Audited</b>	<b>-</b>	<b>(81,677.57)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Restatements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted beginning Balance</b>	<b>11,874,556.40</b>	<b>21,379,032.36</b>	<b>11,462,142.63</b>	<b>24,647,815.39</b>	<b>13,090,028.52</b>	<b>22,477,339.71</b>	<b>12,490,335.24</b>
<b>ENDING BALANCE</b>	<b>\$13,740,472.08</b>	<b>\$24,647,815.39</b>	<b>\$9,307,560.71</b>	<b>\$22,477,339.71</b>	<b>\$15,250,841.51</b>	<b>\$25,945,003.71</b>	<b>\$10,797,213.06</b>
<b>Unrestricted Balance</b>	<b>\$13,740,472.08</b>	<b>\$20,833,494.31</b>	<b>\$9,307,560.71</b>	<b>\$19,341,881.74</b>	<b>\$15,250,841.51</b>	<b>\$22,402,123.98</b>	<b>\$10,797,213.06</b>
<b>Restricted Balance</b>	<b>-</b>	<b>\$3,814,321.08</b>	<b>-</b>	<b>\$3,135,457.97</b>	<b>-</b>	<b>\$3,542,879.73</b>	<b>-</b>

<sup>(1)</sup> The audit adjustment for fiscal year 2016-17 was the result of the District's prior billing management system not clearing an accrual correctly. The District no longer uses such system for billing management.

<sup>(2)</sup> Total amounts do not match the District's Statement of Revenues, Expenditures and Changes in Fund Balances in its audited financial statements because the amounts reflected in such Statement in the District's audited financial statements include the financial activity of the Special Reserve for Other Than Capital Outlay Projects, Adult Education Fund and Deferred Maintenance Funds, in accordance with GASB Statement No. 54, which funds are not included in the District's internal financial reports.

Source: Gilroy Unified School District adopted general fund budgets for fiscal years 2016-17 through 2019-20; and unaudited actuals for fiscal years 2016-2018-19.



## District Debt Structure

**Long-Term Debt Summary.** A schedule of the District’s long-term obligations for the year ended June 30, 2018, consisted of the following:

Long-Term Debt	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Amounts Due in One Year
General obligation bonds <sup>(1)(2)(3)</sup>	\$248,517,823	\$761,963	\$7,435,000	\$241,844,786	\$6,185,000
Certificates of participation	26,765,000	-	810,000	25,955,000	845,000
Accumulated vacation	107,913	25,335	-	133,248	-
Net Pension Liability	109,240,202	12,485,754	-	121,725,956	-
Supplemental Employee Retirement Plan	447,742	-	223,871	223,871	223,871
Subtotal	385,078,680	13,273,052	8,468,871	389,882,861	7,253,871
Unamortized general obligation bond premium	17,055,460	-	717,491	16,337,969	-
Unamortized certificates of participation premium	2,173,423	-	108,220	2,065,203	-
Unamortized loss on refunding	(8,710,115)	-	(597,504)	(8,112,611)	-
Total long term obligation	\$395,597,448	\$13,273,052	\$8,697,078	\$400,173,422	\$7,253,871

<sup>(1)</sup> Includes the Prior Authority Bonds; does not include the Refunding Bonds or the Series 2019 Bonds.

<sup>(2)</sup> Includes accreted interest.

<sup>(3)</sup> Reflects the higher outstanding principal amount of the Gilroy School Facilities Financing Authority General Obligation Revenue Bonds, Series A, issued on March 13, 2013, instead of the District’s related Series 2013 Bonds and Series 2013 Refunding Bonds. See “THE REFUNDING BONDS – Outstanding Bonds; Aggregate Debt Service” in the forepart of this Official Statement.

Source: Gilroy Unified School District Audited Financial Report for fiscal year 2017-18.

**General Obligation Bonds.** Prior to the issuance of the Refunding Bonds, the District has outstanding seven series of general obligation bonds, each of which is secured by *ad valorem* taxes levied upon all property subject to taxation by the District on a parity with the Refunding Bonds.

See “THE REFUNDING BONDS – Outstanding Bonds” and “ – Aggregate Debt Service” in the front portion of the Official Statement for more information about such outstanding bonds.

**Certificates of Participation.** At an election held in the District on June 4, 1974, voters of the District approved the levy of an *ad valorem* tax rate override of 25.5¢ per \$100 of assessed valuation, authorized to be used to pay rent under a lease for certain school facilities. On November 3, 1992, voters reauthorized the use of the tax for additional projects and reduced the rate to 7.05¢ per \$100 of assessed valuation (under a proposition known as “Measure J”), which may be levied as needed through fiscal year 2010-11. The series of certificates of participation issued in 2001, 2004 and 2007 described below represent a general fund obligation of the District; however, the proceeds of the tax were lawfully available and used and sufficient to pay all such obligations.

In June 2001, the District caused certificates of participation to be executed and delivered in the principal amount of \$31,250,000 with interest rates ranging from 2.90% to 5.50% per year, in order to refund an outstanding issue of certificates of participation and provide new construction funds for Measure J capital projects. On September 1, 2011 the outstanding principal balance of \$7,210,000 was paid off.

In March 2004, the District caused certificates of participation to be executed and delivered in the principal amount of \$8,550,000, maturing in 2013, with interest rates ranging from 2.50% to 3.0% per year, in order to provide construction funds for Measure J capital projects. On September 1, 2011 the outstanding principal balance of \$1,925,000 was paid off.

In July 2007, the District caused certificates of participation to be executed and delivered in the principal amount of \$5,725,000 with interest rates ranging from 4.50% to 5.00% per year, maturing on September 1, 2012, in order to provide construction funds for Measure J capital projects. The final payment with respect to such certificates of participation was made on September 1, 2012, and the principal balance has been paid off.

In May 2008, the District caused the certificates of participation to be executed and delivered in the principal amount of \$33,000,000 with interest rates ranging from 3.75% to 5.25% per year, payable through April 1, 2039, in order to provide construction funds for Christopher High School (the “2008 COPs”). These certificates of participation represent a general fund obligation of the District that is not payable with Measure J tax proceeds.

In July 2016, the District caused refunding certificates of participation (the “2016 Refunding COPs”) to be executed and delivered in the principal amount of \$27,870,000 with interest rates ranging from 2.00% to 4.00% in order to prepay the 2008 COPs. These certificates of participation represent a general fund obligation of the District that is not payable with Measure J tax proceeds.

The aggregate annual repayment obligation for such certificates of participation as of June 30, 2018, is set forth below:

Year Ending June 30	Principal	Interest	Total
2019	\$ 845,000	\$ 924,950	\$ 1,769,950
2020	865,000	899,600	1,764,600
2021	880,000	873,650	1,753,650
2022	925,000	838,450	1,763,450
2023	945,000	801,450	1,746,450
2024-2028	5,385,000	3,404,450	8,789,450
2029-2033	6,495,000	2,241,850	8,736,850
2034-2038	7,890,000	982,500	8,872,500
2039-2040	1,725,000	51,750	1,776,750
Total	\$25,955,000	\$11,018,650	\$36,973,650

Source: Gilroy Unified School District Audited Financial Report for fiscal year 2017-18.

**Early Retirement Incentives.** In the fiscal year 2009-10, the District offered an early retirement incentive to eligible certificated employees. Fourteen employees took the incentives. Retirement benefits totaling \$814,585 will be paid out in installments of \$162,917 each year for the next five years starting on August 1, 2009. The offers were extended to those who were at least 58 years of age with 10 or more years of permanent services to the District and the end of fiscal year 2008-09.

In fiscal year 2010-11, the District offered an early retirement incentive to eligible certificated employees. Seventeen employees took the incentives. Retirement benefits totaling \$890,935 will be paid out in installments of \$178,187 each year for the next five years starting on August 1, 2010. The offers were extended to those who were at least 58 years of age with 10 or more years of permanent services to the District at the end of fiscal year 2009-10.

In fiscal year 2011-12, the District offered an early retirement incentive to eligible certificated employees. Twelve employees took the incentives. Retirements benefits totaling \$633,520 will be paid out in installments of \$126,704 each year for the next five years starting on August 1, 2011. The offers were extended to those who were at least 58 years of age with 10 or more years of permanent services to the District at the end of fiscal year 2010-11.

In fiscal year 2013-14, the District offered an early retirement incentive to eligible certificated employees. Twenty-two employees took the incentives. Retirement benefits totaling \$1,063,075 will be paid out in installments to \$212,603 each year for the next five years starting on July 1, August 1, 2014. The offers were extended to those who were at least 58 years of age with 10 or more years of permanent services to the District at the end of fiscal year 2013-14. In fiscal years 2014-15, 2015-16, 2016-17 and 2017-18, the District did not offer an early retirement incentive.

No Other Post-Employment Benefits (OPEBs). Other than the retirement plan benefits with CalSTRS and CalPERS (see “– Retirement Benefits” below), the District does not provide any other post-retirement healthcare benefits to District employees.

**Tax and Revenue Anticipation Notes.** Because District revenues from local property taxes and State apportionments are received at irregular intervals throughout the year, while expenditures tend to be incurred on a regular monthly basis, the District has usually found it necessary to borrow for short-term cash needs by issuance of tax and revenue anticipation notes each year, as set forth in the table below. The District’s notes are a general obligation of the District, payable from the District’s general fund and any other lawfully available moneys, but for which the District has no taxing authority.

Issuance Date	Principal Amount	Interest Rate	Yield	Due Date
July 3, 2004	\$5,945,000	3.00%	1.60%	July 6, 2005
July 1, 2005	5,000,000	4.00	2.60	July 6, 2006
July 6, 2006	5,965,000	4.50	3.50	July 6, 2007
July 6, 2007	9,725,000	4.25	3.62	July 6, 2008
July 1, 2008	9,780,000	1.65	2.00	July 6, 2009
July 6, 2009	9,885,000	2.50	0.60	July 1, 2010
July 1, 2010	12,410,000	2.00	0.90	July 1, 2011
July 28, 2011	7,224,000	2.00	0.32	April 30, 2012
July 2, 2012	5,000,000	2.00	0.50	May 1, 2013
July 15, 2013	8,020,000	2.00	0.21	June 2, 2014
July 3, 2014	6,880,000	2.00	0.12	June 30, 2015
July 16, 2015	6,915,000	2.00	0.32	June 30, 2016
July 13, 2016	1,615,009	2.90	0.63	June 30, 2017
July 7, 2017	6,795,000	3.00	0.95	June 29, 2018
July 12, 2018	4,955,000	3.00	1.60	June 28, 2019

In fiscal year 2017-18, the District issued \$4,955,000 aggregate principal amount of tax and revenue anticipation notes (the “Series 2018 Notes), dated July 12, 2018 through the California School Cash Reserve Program Authority. The Series 2018 Notes matured on June 28, 2019. The District did not issue tax and revenue anticipation notes in fiscal year 2018-19, but may issue tax and revenue anticipation notes in future fiscal years to supplement cash flow as necessary.

**Employment**

As of September 2019, the District employed 576 FTE certificated (teaching staff) employees, 414 FTE classified employees and 61 management and supervisory personnel. For fiscal year 2018-19, the total certificated and classified payrolls for all funds of the District were \$54.12 million (unaudited) and \$19.02 million (unaudited), respectively, and are budgeted to be \$54.66 million and \$19.48 million, respectively, in fiscal year 2019-20. Such amounts exclude benefits paid to certificated and classified employees.

District employees are represented by employee bargaining units as follows:

Name of Bargaining Unit	Number of Employees Represented	Current Contract Expiration Date
Gilroy Teachers Association	576	June 30, 2020
Gilroy Federation of Paraeducators	144	June 30, 2020
California School Employees Association – Ch. 69	270	June 30, 2021

Source: Gilroy Unified School District.

## Retirement Benefits

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

**CalSTRS.** Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, covered employees contributed 8.00% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Prior to fiscal year 2014-15 and unlike typical defined benefit programs such as those administered by CalPERS, neither the CalSTRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the member and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as “pre-enhancement benefits”) within a 30-year period. However, this surcharge does not apply to system-wide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. However, on July 1, 2018, for members hired on or after January 1, 2013, the rate increased from 9.205% of pay to 10.250% of pay. The State’s total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 9.328%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the State Teachers’ Retirement Board voted to adopt revised actuarial assumptions reflecting members’ increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.00% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.00% to a 2.75% price inflation factor.

As of June 30, 2018, an actuarial valuation (the “2018 CalSTRS Actuarial Valuation”) for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$107.2 billion, a decrease of approximately \$0.1 billion from the June 30, 2017 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2018, June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 64.0%, 62.6%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2018 CalSTRS Actuarial Valuation: measurement of accruing costs by the “Entry Age Normal Actuarial Cost Method,” an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2018 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See “—Governor’s Pension Reform” below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

Pursuant to Assembly Bill 1469, school district’s contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	17.10*
2020	18.40*

\* Pursuant to the 2019-20 State Budget. See “DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – 2019-20 State Budget.”  
Source: Assembly Bill 1469.

The following table sets forth the District’s employer contributions to CalSTRS as well as the State’s required non-employer contribution on behalf of the District for fiscal years 2015-16 through 2017-18 and the unaudited and budgeted contributions for fiscal years 2018-19 and 2019-20, respectively.

**GILROY UNIFIED SCHOOL DISTRICT**  
**(Santa Clara County, California)**  
**Contributions to CalSTRS for Fiscal Years 2015-16 through 2019-20**

Fiscal Year	District Contribution	STRS On-Behalf Amounts
2015-16	\$5,383,474	\$3,216,986
2016-17	6,504,361	4,152,840
2017-18	7,479,391	4,193,095
2018-19 <sup>(1)</sup>	8,370,171	4,682,549
2019-20 <sup>(2)</sup>	9,124,405	4,939,404

<sup>(1)</sup> Unaudited actuals for fiscal year 2018-19.

<sup>(2)</sup> Original adopted budget for fiscal year 2019-20.

Source: Gilroy Unified School District.

The District’s total employer contributions to CalSTRS for fiscal years 2015-16 through 2018-19 were equal to 100% of the required contributions for each year. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years.

The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

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

**CalPERS.** All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such school districts share the same contribution rate in each year. However, unlike school districts’ participating in CalSTRS, the school districts’ contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District’s required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

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

Since the June 30, 2015 valuation, CalPERS has employed an amortization and smoothing policy that apportions all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a five-year period. In contrast, the previous policy spread investment returns over a

15-year period with experience gains and losses spread over a rolling 30-year period. On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the CalPERS Schools Pool Actuarial Valuation as of June 30, 2017 (the “2017 CalPERS Schools Pool Actuarial Valuation”). The amounts of the pension/award benefit obligation or UAAL will vary from time to time depending upon actuarial assumptions, and actual rates of return on investments, salary scales, and levels of contribution.

The actuarial funding method used in the 2017 CalPERS Schools Pool Actuarial Valuation is the “Entry Age Normal Cost Method.” The 2017 CalPERS Schools Pool Actuarial Valuation assumes, among other things, 2.75% inflation and payroll growth of 3.00% compounded annually. The 2017 CalPERS Schools Pool Actuarial Valuation reflects a discount rate of 7.375% compounded annually (net of administrative expenses) as of June 30, 2017, 7.25% compounded annually (net of administrative expenses) as of June 30, 2018, and 7.0% compounded annually (net of administrative expenses) as of June 30, 2019. The first reduction in the investment rate of return will impact the District’s employer contribution rates beginning in fiscal year 2018-19. The CalPERS Board also adopted new demographic assumptions on December 19, 2017, including a reduction in the inflation assumption from 2.75% as of June 30, 2017, to 2.625% as of June 30, 2018, and finally to 2.50% as of June 30, 2019. The reduction in the inflation assumption results in decreases in both the normal cost and the accrued liabilities in the future. The overall payroll growth will be reduced from 3.0% annually as of June 30, 2017, to 2.875% as of June 30, 2018, and finally to 2.75% as of June 30, 2019.

On April 16, 2019, the CalPERS Board established the employer contribution rates for fiscal year 2019-20 and released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date, to those hired after such date, the projected contribution for fiscal year 2020-21 is projected to be 23.6%, with annual increases and decreases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The following table sets forth the District’s total employer contributions to CalPERS from all funds of the District for fiscal years 2015-16 through 2017-18, and the unaudited contribution and budgeted contribution for fiscal years 2018-19 and 2019-20, respectively.

**GILROY UNIFIED SCHOOL DISTRICT  
(Santa Clara County, California)  
Contributions to CalPERS for Fiscal Years 2015-16 through 2019-20**

Fiscal Year	Contribution
2015-16	\$2,047,315
2016-17	2,565,408
2017-18	2,979,973
2018-19 <sup>(1)</sup>	4,302,834
2019-20 <sup>(2)</sup>	4,878,232

<sup>(1)</sup> Unaudited actuals for fiscal year 2018-19.

<sup>(2)</sup> Original adopted budget for fiscal year 2019-20.

Source: Gilroy Unified School District.

The District’s total employer contributions to CalPERS for fiscal years 2014-15 through 2017-18 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years

as the increased costs are phased in. The implementation of PEPRA (see “*Governor’s Pension Reform*” below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

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

***Governor’s Pension Reform.*** On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees’ Pension Reform Act of 2012 (“PEPRA”) which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is \$127,200 for 2017, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District’s future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District’s pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Note 6 to the District’s financial statements in APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018.”

***GASB 67 and 68.*** In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans (“Statement Number 67”), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions (“Statement Number 68”), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government’s balance sheet (such unfunded liabilities were typically included as notes to the government’s financial statements); (ii) full pension costs are shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates are required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities are required to be used for certain



purposes of the financial statements, which generally increases pension expenses. Statement Number 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

### **Insurance and Joint Ventures**

The District is a member of two joint powers authorities (“JPAs”): the Santa Clara County Schools Insurance Group (“SCCSIG”). The District pays an annual premium to the entities for their coverage. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs provide insurance and services as noted for member school districts.

The JPAs are governed by boards consisting of a representative from each member district. The governing boards control the operations of each JPA, independent of any influence by the District beyond the District’s representation on the governing board. Each member district pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA.

See Note 9 to the District’s audited financial statements in APPENDIX B— “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018” for more information.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

### **Limitations on Revenues**

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

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

***County of Orange v. Orange County Assessment Appeals Board No. 3.*** Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently “recapture” such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor’s measure of the restoration of value of the damaged property. The constitutionality of this procedure was

challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new “base year value” for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIII A. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

***Legislation Implementing Article XIII A.*** Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

The tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

#### **Article XIII B of the California Constitution**

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

#### **Article XIII C and Article XIII D 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 XIII C and XIII D (“Article XIII C” and “Article XIII D,” respectively), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific

purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

### **Statutory Limitations**

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

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

### **Proposition 98 and Proposition 111**

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 districts and community college districts (collectively, "K-14 districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the

State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes.

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

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

Under prior law, K-14 districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test") or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

#### **Assembly Bill No. 26 & *California Redevelopment Association v. Matosantos***

On February 1, 2012, pursuant to the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer

dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency were transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

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

### **Proposition 30 and Proposition 55**

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

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative (“Proposition 55”), approved by the voters on November 8, 2016, extends by 12 years the temporary personal income tax increases on incomes over \$250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales and use tax increases imposed by Proposition 30. Revenues from the income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

### **Applications of Constitutional and Statutory Provisions**

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

## Proposition 2

**General.** Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

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

The 2019-20 State Budget includes a constitutionally required deposit into the Public School System Stabilization Account in the amount of \$376.5 million. Such deposit to the Public School System Stabilization Account does not initiate any school district reserve caps under SB 858 or SB 751 (described below), as the amount in the Public School System Stabilization Account (which is equal to the fiscal year 2019-20 deposit) is not equal to or greater than 3% of the total K-12 share of the Proposition 98 Guarantee (approximately \$2.1 billion). See "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – 2019-20 State Budget."

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

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

**SB 751.** Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediate after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic

aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Refunding Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Refunding Bonds as and when due.

### **Future Initiatives**

Article XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 2, 30, 55, 62, 98, 111 and 218, were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

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**APPENDIX B**

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

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**GILROY UNIFIED SCHOOL DISTRICT**

**COUNTY OF SANTA CLARA  
GILROY, CALIFORNIA**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**

# GILROY UNIFIED SCHOOL DISTRICT

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# GILROY UNIFIED SCHOOL DISTRICT

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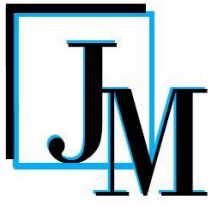
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**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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## INDEPENDENT AUDITOR'S REPORT

To the Governing Board  
Gilroy Unified School District  
Gilroy, California

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

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

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund, Schedule of Proportionate Share of Net Pension Liability and Schedule of Pension Contributions, 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.

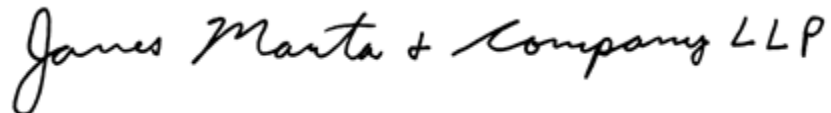
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as listed in the table of contents 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 supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 19, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 19, 2018



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GILROY UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

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This section of Gilroy Unified School District's (the "District") 2017-18 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.

**DISTRICT PROFILE**

Gilroy Unified School District is located in Gilroy, California, nestled in the southern portion of Santa Clara County, midway between San Francisco and Monterey Bay. Gilroy is best known as the "Garlic Capital of the World," and home of the annual Garlic Festival in July. According to the 2017 U.S. Census Bureau, Gilroy's population estimate is 57,664, representing an 18% increase in population since 2010. The City of Gilroy has approved several single-family subdivisions, and multi-family developments, which are projected to add 300 to 500 residents over the next several years.

Despite the steady rise in residential construction, the District had its first significant year of declining enrollment in 2017-18. The District's enrollment dropped by 193 students in a single year. The decline correlated to a loss of 249 average daily attendance (ADA) for the same year, which reduces funding for the 2018-19 fiscal year. The key attributing factors for the decline are;

- Low birth rates both in Santa Clara County and in Gilroy,
- High cost of living
- Lower student generation rates (SGR) on new residential construction

The Governing Board has authorized to form a Superintendent's Advisory Committee to study the potential closure of an elementary school for the 2020-21 school year. With kinder enrollment at historic lows, the lower cohort will affect total enrollment for years to come.

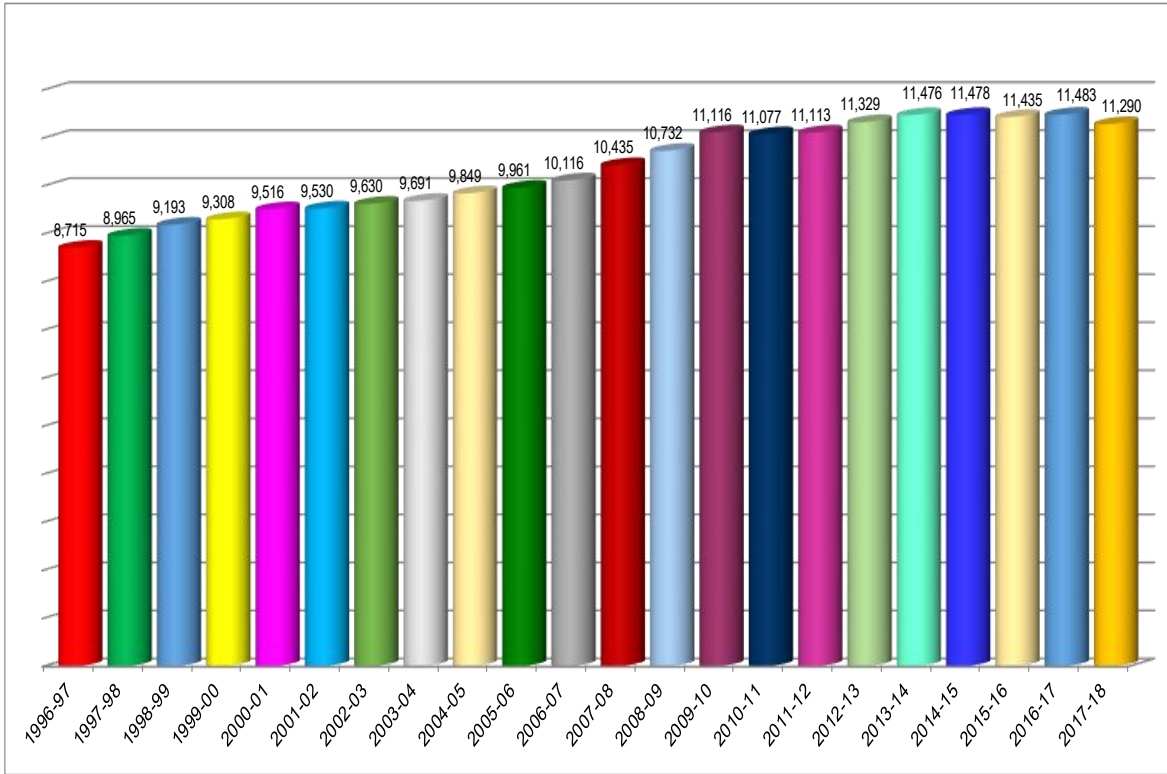
The District is comprised of eight elementary schools, three middle schools, two comprehensive high schools, one early college academy, one continuation school, and one charter school that serve approximately 11,000 students. The District currently employs approximately 1,070 staff members.

**MISSION**

Gilroy Unified School District will provide opportunities for all students to reach their highest academic and intellectual competencies and personal attributes to be life-long learners, responsible citizens, and productive members of society. This will be accomplished by having a clear focus on student needs; staff, parents and community members demonstrating high expectations for themselves and for every child served; and by continually improving the quality of teaching and learning.

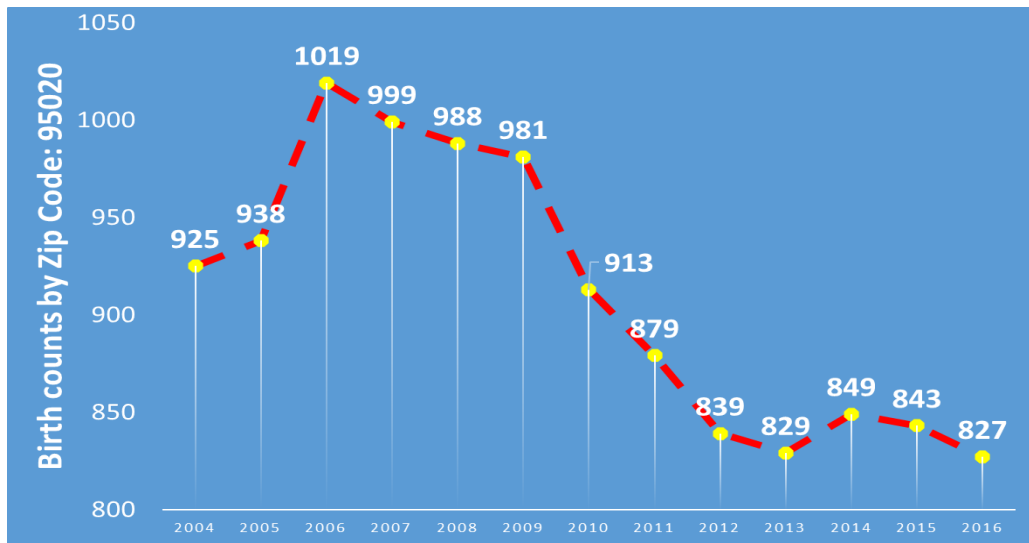
**GILROY UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

**ENROLLMENT 1996-2018**



The preceding table shows a history of strong growth for the District, until 2017-18, when GUSD experienced its first triple digit enrollment decline in recent history.

**GILROY'S HISTORICAL BIRTH DATA (by zip code)**



**GILROY UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

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**FINANCIAL HIGHLIGHTS**

Despite the recent decline in enrollment, the District's reserves have remained strong; above the Governing Board's minimum reserve policy of seven percent (7%). For GUSD, declining enrollment means less funding. The District is committed to fiscal stability. To this end, the Governing Board has reduced the operating budget slashing \$720,000 with the adoption of the 2018-19 budget in June 2018.

Additionally, the Board approved a Budget Development Calendar to establishing a timeline for budget reductions of \$4 million over the subsequent two years (2019-20 & 2020-21).

This decrease in enrollment comes despite the increase in new housing developments. The decrease in enrollment is attributed to the high cost of living in Santa Clara County, lower birth rates, and lower student generation rates from new residential developments. The District annually updates its 10-year enrollment forecast and monitors both the short-term and long-term enrollment projections.

- General fund ending balance as of June 30, 2018 was \$22,477,335, which was \$6.3 million higher than estimated actuals. This variance is largely attributed to \$5.7 million of one time carryover funds.
- The General Fund available reserves as a percentage of total outgo (expenditures, other uses, and transfers out) was 11.98%, after accounting for committed balances.
- GASB 68 was implemented four years ago, which required the net pension liability to be recognized. An increase in the net pension liability of \$12,485,754 was recognized as of June 30, 2018. Deferred outflows related to pensions increased by \$14,925,953 while deferred inflows related to pensions increased by \$13,932,343.
- On the Statement of Activities, total current year expenditures exceeded total current year revenues by \$17,511,014, as the District completes capital bond projects, and spends down one-time funds.
- Net Position decreased 22.5% to \$60,192,069 as of June 30, 2018.
- The District's Multi-Year Projection will require up to four (4) million worth of budget cuts over the two subsequent years. The Governing Board is committed to maintaining its minimum reserve policy to maintain fiscal stability.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities and Change in Net Position

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

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

**GILROY UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

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

*Fund Financial Statements*

The fund financial statements are designed to report information about the District's most significant funds. 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 or to show that it is properly using certain revenues. Fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

- Governmental funds statements tell how basic services such as instruction and pupil services were financed in the short term as well as what remains for future spending. Most of the District's basic services are included in governmental funds. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information in the reconciliation statements that explains the relationship (or differences) between them.
- Proprietary funds statements offer financial information about the activities the district operates on a cost reimbursement basis, such as the self-insurance fund. Proprietary funds are reported in the same way as the district-wide statements. The District currently has one internal service fund – the self-insurance fund for dental and vision benefits.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong such as associated student body accounts. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

*Notes to the Basic Financial Statements*

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in district-wide and fund financial statements. The notes to the financial 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 general fund budget, both the adopted and final version, with year-end actuals.

**GILROY UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

**NET POSITION**

The District's combined net position, as of June 30, 2018, was \$60,192,069 reflecting a decrease of 22.5%.

	<u>Governmental Activities</u>		<u>Change</u>	<u>Percent Change</u>
	<u>June 30, 2017</u>	<u>June 30, 2018</u>		
<b>Assets</b>				
Current	\$ 115,590,798	\$ 101,169,309	\$ (14,421,489)	-12.5%
Capital Assets, net	345,673,938	351,524,798	5,850,860	1.7%
<b>Total Assets</b>	<u>461,264,736</u>	<u>452,694,107</u>	<u>(8,570,629)</u>	<u>-1.9%</u>
<b>Deferred Outflows of Resources</b>				
Deferred loss on refunding bonds	8,710,115	8,112,611	(597,504)	-6.9%
Pensions	25,484,548	40,410,501	14,925,953	58.6%
<b>Total Deferred Outflows</b>	<u>34,194,663</u>	<u>48,523,112</u>	<u>14,328,449</u>	<u>41.9%</u>
<b>Liabilities</b>				
Current	9,805,707	15,163,728	5,358,021	54.6%
Long-Term	385,078,680	389,882,861	4,804,181	1.2%
<b>Total Liabilities</b>	<u>394,884,387</u>	<u>405,046,589</u>	<u>10,162,202</u>	<u>2.6%</u>
<b>Deferred Inflows of Resources</b>				
Deferred bond premium revenue	19,228,883	18,403,172	(825,711)	-4.3%
Pensions	3,643,046	17,575,389	13,932,343	382.4%
<b>Total Deferred Inflows</b>	<u>22,871,929</u>	<u>35,978,561</u>	<u>13,106,632</u>	<u>57.3%</u>
<b>Net Position</b>				
Net investment in capital assets	127,301,521	133,501,345	6,199,824	4.9%
Restricted	83,553,811	67,132,898	(16,420,913)	-19.7%
Unrestricted	(133,152,249)	(140,442,174)	(7,289,925)	-5.5%
<b>Total Net Position</b>	<u>\$ 77,703,083</u>	<u>\$ 60,192,069</u>	<u>(17,511,014)</u>	<u>-22.5%</u>

**CHANGE IN NET POSITION**

The District's total revenues decreased 5.3% to \$152,247,867. The total cost of all programs and services increased 10.3% to \$169,758,881. The District's expenses are predominantly related to educating and caring for students.

**GILROY UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

	Governmental Activities		Change	Percent Change
	June 30, 2017	June 30, 2018		
<b><u>Program Revenues</u></b>				
Charges for Services	\$ 1,478,671	\$ 1,804,122	\$ 325,451	22.0%
Operating Grants & Contributions	21,839,215	21,332,297	(506,918)	-2.3%
Capital Grants & Contributions	-	746,443	746,443	N/A
<b><u>General Revenues</u></b>				
Taxes Levied	80,945,788	81,373,494	427,706	0.5%
Federal & State Aid	42,113,200	43,348,888	1,235,688	2.9%
Interest & Investment Earnings	385,216	552,512	167,296	43.4%
Miscellaneous	2,708,853	3,090,111	381,258	14.1%
Special and Extraordinary Items	11,271,305	-	(11,271,305)	-100.0%
<b>Total Revenues</b>	<b>160,742,248</b>	<b>152,247,867</b>	<b>(8,494,381)</b>	<b>-5.3%</b>
<b><u>Expenses</u></b>				
Instruction	79,001,718	91,774,747	12,773,029	16.2%
Instruction-Related Services	15,229,608	16,863,346	1,633,738	10.7%
Pupil Services	14,591,491	16,448,169	1,856,678	12.7%
General Administration	7,224,038	7,339,054	115,016	1.6%
Plant Services	18,648,559	13,717,619	(4,930,940)	-26.4%
Ancillary Services	1,144,494	1,144,114	(380)	0.0%
Community Services	56,177	88,422	32,245	57.4%
Enterprise Activities	178,842	515,359	336,517	188.2%
Interest on Long-Term Debt	5,050,690	8,217,574	3,166,884	62.7%
Other Outgo	3,180,569	3,620,125	439,556	13.8%
Depreciation	9,641,600	10,030,352	388,752	4.0%
<b>Total Expenses</b>	<b>153,947,786</b>	<b>169,758,881</b>	<b>15,811,095</b>	<b>10.3%</b>
<b>Change in Net Position</b>	<b>\$ 6,794,462</b>	<b>\$ (17,511,014)</b>	<b>\$ (24,305,476)</b>	<b>-357.7%</b>

**LONG TERM LIABILITIES**

Total long-term liabilities increased by \$4.6 million (1.2%).

	Governmental Activities		Change	Percent Change
	June 30, 2017	June 30, 2018		
Bonds	\$ 248,517,823	\$ 241,844,786	\$ (6,673,037)	-2.7%
Certificates of Participation	26,765,000	25,955,000	(810,000)	-3.0%
Accumulated Vacation - net	107,913	133,248	25,335	23.5%
Net Pension Liability	109,240,202	121,725,956	12,485,754	11.4%
Early Retirement Incentive	447,742	223,871	(223,871)	-50.0%
<b>Subtotal</b>	<b>385,078,680</b>	<b>389,882,861</b>	<b>4,804,181</b>	<b>1.2%</b>
Unamortized General Obligation Bond Premium	17,055,460	16,337,969	(717,491)	-4.2%
Unamortized Certificates of Participation Premium	2,173,423	2,065,203	(108,220)	-5.0%
Unamortized Loss on Refunding	(8,710,115)	(8,112,611)	597,504	-6.9%
<b>Total Long Term Obligations</b>	<b>\$ 395,597,448</b>	<b>\$ 400,173,422</b>	<b>\$ 4,575,974</b>	<b>1.2%</b>

**GILROY UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

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The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

**CAPITAL ASSETS**

Capital assets, net of depreciation, increased from the prior year to \$351,524,798, representing a 0.17% increase as current year depreciation and disposals grew at the slower rate than acquisitions and improvements.

**GENERAL FUND**

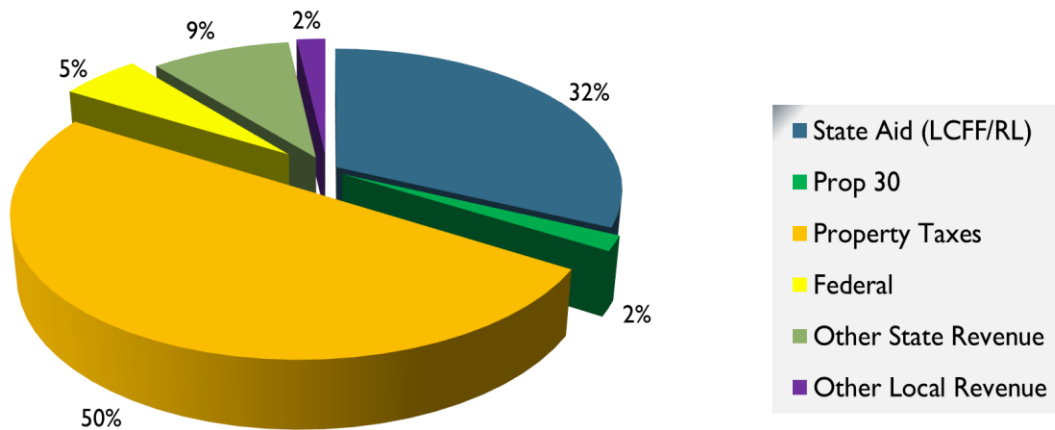
*General Fund Budgetary Highlights*

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May revised figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim and any other time there are significant changes.

Other than the aforementioned instance, the District did not incur unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

**GOVERNMENTAL ACTIVITIES**

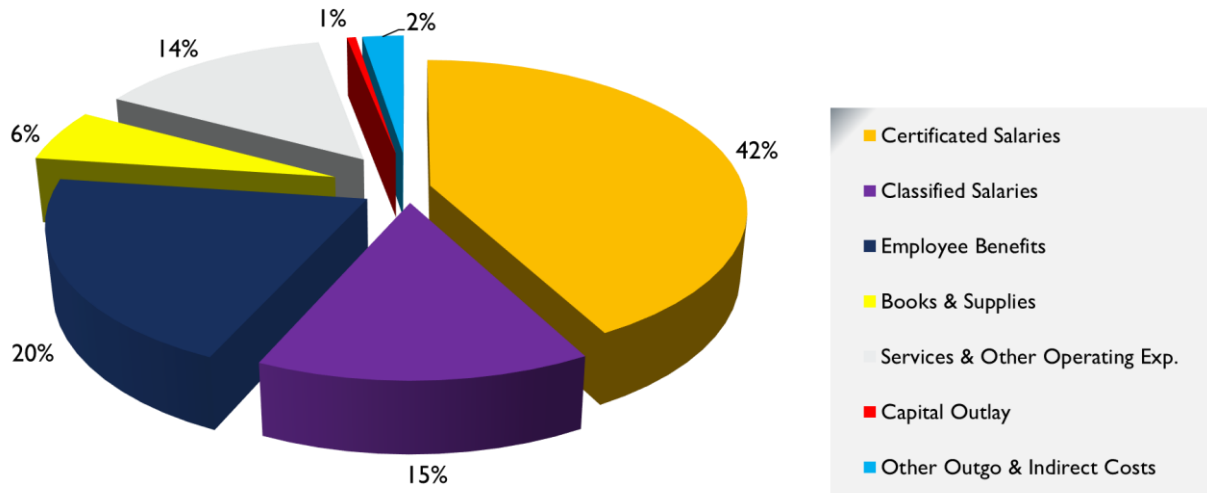
The following chart provides a breakdown of the \$125 million of General Fund revenues by category:





**GILROY UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

The following chart provides a breakdown of the \$127 million of General Fund expenditures by function:



**ECONOMIC FACTORS AND THE FY 2018-19 BUDGET**

The implementation of the Local Control Funding Formula (LCFF) revamped the school finance system for the first time in forty years. With a goal of increasing local control, the new system encourages stakeholders to provide input in the development of the Local Control Accountability Plan (LCAP). The District’s LCAP and the budget are aligned to the eight state priorities: Basic Services, Implementation of State Standards, Course Access, Pupil Achievement, Other Pupil Outcomes, Parent Involvement, Pupil Engagement, and Student Climate.

With the implementation of the State’s Enacted 2018-19 Budget, the funding targets set forth by LCFF have been reached two years ahead of schedule. The District recognizes that the annual increases in LCFF revenues are now going to be limited to the statutory cost of living adjustment (COLA). In a declining enrollment District, the funds provided by the COLA may be completely offset by the loss of revenue due to the decline. Furthermore, the purchasing power promised under LCFF did not account for the rise in pension obligations (CalSTRS & CalPERS), and the continued underfunding (statewide) of Special Education and Transportation.

The Governing Board is committed to fiscal stability and fiscal solvency. As demonstrated during the Great Recession - the GUSD Board has demonstrated the ability to make necessary budget cuts when necessary, cutting over \$20 million from its operating budget from 2007-08 through 2012-13. Over the course of this year, there will be public meetings discussing budget cuts, budget priorities for 2019-20 and beyond, including the potential of a future school closure, to address the target reduction of \$4 million in cuts over the subsequent years.

**GILROY UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives.

If you have questions regarding this report or need additional financial information, contact the District Office, Gilroy Unified School District, 7810 Arroyo Circle, Gilroy, California 95020.

## **FINANCIAL SECTION**

**GILROY UNIFIED SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**JUNE 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash (note 2)	\$ 96,784,992
Receivables	4,223,365
Other assets	157,617
Prepaid expenses	3,335
Capital Assets - net of accumulated depreciation (note 4)	351,524,798
Total Assets	<u>452,694,107</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding of bonds (note 5)	8,112,611
Deferred outflows on pensions (note 6)	40,410,501
Total Deferred Outflows	<u>48,523,112</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	13,847,855
Unearned revenue	1,315,873
Long-term liabilities - (note 5)	
Due within one year	7,253,871
Due after one year	382,628,990
Total Liabilities	<u>405,046,589</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred bond premium (note 5)	18,403,172
Deferred inflows on pensions (note 6)	17,575,389
Total Deferred Inflows	<u>35,978,561</u>
<b>NET POSITION</b>	
Net investment in capital assets	133,501,345
Restricted	67,132,898
Unrestricted	(140,442,174)
Total Net position	<u>\$ 60,192,069</u>

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

**GILROY UNIFIED SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>Functions</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Revenues and Changes in Net Position</b>
					<b>Governmental Activities</b>
<b>Governmental Activities</b>					
Instruction	\$ 91,774,747	\$ 84,650	\$ 10,859,687	\$ 746,443	\$ (80,083,967)
Instruction - related services:					
Supervision of instruction	6,350,430	202,564	1,916,474	-	(4,231,392)
Instructional library and technology	521,256	-	143,771	-	(377,485)
School site administration	9,991,660	19,359	1,141,642	-	(8,830,659)
Pupil Services:					
Home-to-school transportation	2,143,589	-	108,601	-	(2,034,988)
Food services	5,379,267	1,288,640	3,863,292	-	(227,335)
All other pupil services	8,925,313	2,427	921,917	-	(8,000,969)
General administration:					
Data processing	1,600,122	-	-	-	(1,600,122)
All other general administration	5,738,932	67,945	462,390	-	(5,208,597)
Plant services	13,717,619	94,919	307,800	-	(13,314,900)
Ancillary services	1,144,114	-	42,384	-	(1,101,730)
Community services	88,422	14,327	1,055	-	(73,040)
Enterprise activities	515,359	-	21,450	-	(493,909)
Interest on long-term debt	8,217,574	-	-	-	(8,217,574)
Other outgo	3,620,125	29,291	1,541,834	-	(2,049,000)
Depreciation (unallocated)	10,030,352	-	-	-	(10,030,352)
<b>Total governmental activities</b>	<b>\$ 169,758,881</b>	<b>\$ 1,804,122</b>	<b>\$ 21,332,297</b>	<b>\$ 746,443</b>	<b>(145,876,019)</b>
<b>General Revenues</b>					
Taxes and subventions:					
Taxes levied for general purposes					65,084,060
Taxes levied for debt service					16,289,434
Federal and state aid not restricted to specific purposes					43,348,888
Interest and investment earnings					552,512
Miscellaneous					3,090,111
<b>Total general revenues</b>					<b>128,365,005</b>
Change in net position					(17,511,014)
Net position - beginning, July 1, 2017					77,703,083
Net position - ending, June 30, 2018					<b>\$ 60,192,069</b>

**GILROY UNIFIED SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2018**

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 25,316,070	\$ 49,776,333	\$ 11,847,728	\$ 8,009,464	\$ 94,949,595
Accounts receivable	2,987,449	212,608	23,001	994,583	4,217,641
Stores	73,817	-	-	83,800	157,617
Prepaid expenses	3,335	-	-	-	3,335
Due from other funds	616,703	-	323,295	-	939,998
Total assets	<u>\$ 28,997,374</u>	<u>\$ 49,988,941</u>	<u>\$ 12,194,024</u>	<u>\$ 9,087,847</u>	<u>\$ 100,268,186</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 5,204,166	\$ 1,549,527	\$ -	\$ 941,036	\$ 7,694,729
Due to other funds	-	323,295	-	616,703	939,998
Unearned revenue	1,315,873	-	-	-	1,315,873
Total liabilities	<u>6,520,039</u>	<u>1,872,822</u>	<u>-</u>	<u>1,557,739</u>	<u>9,950,600</u>
Fund balances					
Nonspendable	127,152	-	-	83,800	210,952
Restricted	3,135,458	46,741,277	12,194,024	5,062,139	67,132,898
Committed	-	1,374,842	-	2,906,797	4,281,639
Assigned	5,679,206	-	-	-	5,679,206
Unassigned	13,535,519	-	-	(522,628)	13,012,891
Total fund balances	<u>22,477,335</u>	<u>48,116,119</u>	<u>12,194,024</u>	<u>7,530,108</u>	<u>90,317,586</u>
Total liabilities and fund balances	<u>\$ 28,997,374</u>	<u>\$ 49,988,941</u>	<u>\$ 12,194,024</u>	<u>\$ 9,087,847</u>	<u>\$ 100,268,186</u>

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

**GILROY UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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Total fund balances - governmental funds		\$ 90,317,586
<p>Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:</p>		
<p>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.</p>		
Capital assets at historical cost:	\$ 465,881,516	
Accumulated depreciation:	<u>(114,356,718)</u>	
Net:		351,524,798
<p>Unamortized costs: In governmental funds, debt issuance premiums, gain or loss on refunding, and defeasance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, these amounts are amortized over the life of the debt. Unamortized premiums, losses, and defeasance costs at year end consist of:</p>		
Unamortized portion of COP premiums		(2,065,203)
Unamortized portion of bond premiums		(16,337,969)
Unamortized portion of loss on refunding		8,112,611
<p>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 unamatured interest owing at the end of the period was:</p>		
		(6,148,832)
<p>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:</p>		
General obligation bonds payable	\$ 241,844,786	
Net Pension Liability	121,725,956	
Certificates of participation payable	25,955,000	
Supplemental Employee Retirement Program	223,871	
Compensated absences payable	<u>133,248</u>	
		<u>(389,882,861)</u>
<p>Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pension are reported.</p>		
Deferred outflows of resources relating to pensions		40,410,501
Deferred inflows of resources relating to pensions		(17,575,389)
<p>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 bases. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds are:</p>		
		<u>1,836,827</u>
Total net position, governmental activities		<u>\$ 60,192,069</u>

**GILROY UNIFIED SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>All Non-Major Funds</b>	<b>Total</b>
<b>REVENUES</b>					
LCFF sources	\$ 104,363,166	\$ -	\$ -	\$ -	\$ 104,363,166
Federal revenue	6,670,896	-	-	3,986,873	10,657,769
Other state revenues	11,532,820	-	87,718	2,034,736	13,655,274
Other local revenues	2,378,504	756,974	16,260,778	4,175,402	23,571,658
Total revenues	<u>124,945,386</u>	<u>756,974</u>	<u>16,348,496</u>	<u>10,197,011</u>	<u>152,247,867</u>
<b>EXPENDITURES</b>					
Certificated salaries	53,579,966	-	-	485,502	54,065,468
Classified salaries	18,464,661	385,766	-	2,137,077	20,987,504
Employee benefits	26,039,433	117,299	-	989,135	27,145,867
Books and supplies	7,239,594	131,725	-	98,522	7,469,841
Services and other operating expenditures	17,893,854	388,908	-	3,013,325	21,296,087
Capital outlay	697,119	7,732,917	-	7,956,912	16,386,948
Other outgo	3,145,435	-	-	242,508	3,387,943
Debt service expenditures	55,806	-	17,663,853	1,751,150	19,470,809
Total expenditures	<u>127,115,868</u>	<u>8,756,615</u>	<u>17,663,853</u>	<u>16,674,131</u>	<u>170,210,467</u>
Excess of revenues over expenditures	<u>(2,170,482)</u>	<u>(7,999,641)</u>	<u>(1,315,357)</u>	<u>(6,477,120)</u>	<u>(17,962,600)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
All Other Financing Sources	-	-	17,123	45,714	62,837
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>17,123</u>	<u>45,714</u>	<u>62,837</u>
Net change in fund balances	(2,170,482)	(7,999,641)	(1,298,234)	(6,431,406)	(17,899,763)
Beginning Balance, July 1, 2017	<u>24,647,817</u>	<u>56,115,760</u>	<u>13,492,258</u>	<u>13,961,514</u>	<u>108,217,349</u>
Fund balances, June 30, 2018	<u>\$ 22,477,335</u>	<u>\$ 48,116,119</u>	<u>\$ 12,194,024</u>	<u>\$ 7,530,108</u>	<u>\$ 90,317,586</u>

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



**GILROY UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total net change in fund balances - governmental funds \$ (17,899,763)

Amounts reported for revenues and expenses 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:	\$ 16,386,948	
Depreciation expense:	<u>(10,030,352)</u>	6,356,596

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: 8,468,871

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 that 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: (2,040,422)

Accreted interest on capital appreciation bonds is not recognized as an expenditure in the governmental fund financial statements until paid. In the statement of activities, however, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The amount of accreted interest recognized in the current year was: (761,963)

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: (11,492,144)

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 premium or discount, or deferred gain or loss from debt refunding, for the period is: (228,207)

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 benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: 111,353

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measure by the amounts earned. The difference between compensated absences paid and compensated absences earned was: (25,335)

Total change in net position - governmental activities \$ (17,511,014)

**GILROY UNIFIED SCHOOL DISTRICT**  
**PROPRIETARY FUND – STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	<u>Internal Service Fund</u>
<b>ASSETS</b>	
Current Assets	
Deposits and investments	\$ 1,835,397
Receivables	5,724
Total Current Assets	<u>1,841,121</u>
<b>LIABILITIES</b>	
Current Liabilities	
Claim liability	<u>4,294</u>
Total Current Liabilities	<u>4,294</u>
<b>NET POSITION</b>	
Restricted	<u>1,836,827</u>
Net Position	<u>\$ 1,836,827</u>

**GILROY UNIFIED SCHOOL DISTRICT**  
**PROPRIETARY FUND – STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Interdistrict premiums	\$ 1,537,742
<b>OPERATING EXPENDITURES</b>	
Claims paid	1,444,400
Operating Income	93,342
<b>NONOPERATING REVENUES</b>	
Interest income	18,011
Change in Net Position	111,353
Net Position - Beginning, July 1, 2017	1,725,474
Net Position - Ending, June 30, 2018	\$ 1,836,827

**GILROY UNIFIED SCHOOL DISTRICT**  
**PROPRIETARY FUND – STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from premiums	\$ 1,681,752
Cash payments for insurance claims	(1,531,568)
Net Cash Provided by Operating Activities	150,184
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest	18,011
Net Increase in Cash and Cash Equivalents	168,195
Cash and Cash Equivalents - Beginning	1,667,202
Cash and Cash Equivalents - Ending	\$ 1,835,397
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 93,342
Adjustments to reconcile net income to net cash	
Provided by operations:	
(Increase)/Decrease in:	
Receivables	144,010
Increase/(Decrease) in:	
Accrued liabilities	(87,168)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 150,184</b>

**GILROY UNIFIED SCHOOL DISTRICT**  
**FIDUCIARY FUND – STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Private-Purpose Trust</u>	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
	<u>Scholarship Funds</u>	<u>Student Body Funds</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 784,619	\$ 776,735	\$ 1,561,354
Accounts receivable	702	-	702
Total assets	<u>785,321</u>	<u>776,735</u>	<u>1,562,056</u>
<b>LIABILITIES</b>			
Due to student groups	-	776,735	776,735
Total liabilities	<u>-</u>	<u>776,735</u>	<u>776,735</u>
<b>NET POSITION</b>			
Reserved for scholarships	<u>785,321</u>	<u>-</u>	<u>785,321</u>
Total net position	<u>\$ 785,321</u>	<u>\$ -</u>	<u>\$ 785,321</u>

**GILROY UNIFIED SCHOOL DISTRICT**  
**FIDUCIARY FUND – CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	<b>Private-Purpose Trust</b>
	<b>Scholarship Funds</b>
<b>ADDITIONS</b>	
Investment Income	\$ 54,657
<b>DEDUCTIONS</b>	
Operating Expense	16,600
Change in Net Position	38,057
<b>NET POSITION</b>	
Net Position - July 1, 2017	747,264
Net Position - June 30, 2018	\$ 785,321

# GILROY UNIFIED SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. HISTORY OF DISTRICT

Gilroy Unified School District is located in the southernmost region of Santa Clara County. It is one of a few districts in the county that continues to grow. Over the last 19 years, the student population has grown from 8,448 in 1993-1994 to more than 11,000 K - 12 students today.

The surrounding Gilroy community has experienced growth in housing and industry. Known for its garlic fields, the agricultural areas that surround Gilroy provide a diverse array of agribusiness opportunities for its occupants. The town has also become home to commuters in Silicon Valley and San Jose. Even with the current economic downturn, many of the agribusinesses and other operations are thriving.

The Gilroy Unified School District was established in July 1, 1966, under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K - 12 as mandated by the State and Federal agencies. The District operates eight elementary schools, three middle schools, three high schools, one community day school, one independent study school, one continuation school, and an adult school.

#### B. REPORTING ENTITY

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

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

The Building Corporation's financial activity is presented in the financial statements as a sub fund of the Building fund, Capital Facilities fund and Tax Override fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Building Corporation.

# GILROY UNIFIED SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### C. ACCOUNTING POLICIES

The Gilroy Unified School District (the District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. For state entitlement programs, the District has elected to match the revenues in the period that program expenditures are made to be consistent with the accounting for grants and other revenues.

### D. BASIS OF PRESENTATION

#### Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District. 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.

The government-wide statement of net position presents information on all of the District's assets and liabilities, with the difference between the two presented as net position. Net position is reported as one of three categories: invested in capital assets, net of related debt; restricted; or unrestricted. Restricted net position are further classified as either net position restricted by enabling legislation or net assets that are otherwise restricted.

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

#### Fund Financial Statements

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



**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**F. FUND ACCOUNTING**

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**F. FUND ACCOUNTING (CONTINUED)**

The District funds are as follows:

**Major Governmental Funds:**

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

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

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

**Non-Major Governmental Funds:**

The **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.

The **Adult Education Fund** is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

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

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

The **Deferred Maintenance Fund** is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (Education Code Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

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

The **Tax Override Fund** is used for the repayment of voted indebtedness (other than Bond Interest and Redemption Fund repayments) to be financed from ad valorem tax levies.

# GILROY UNIFIED SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### F. FUND ACCOUNTING (CONTINUED)

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

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

The **County School Facilities Fund** is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or 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 Section 17070 et seq.).

**Proprietary Fund** reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has only one following proprietary fund:

**Internal Service Funds** may be used to account for any activity for which services are provided to other funds of the District on a cost-reimbursement basis. The District operates a Self-Insurance fund that is accounted for in an internal service fund.

**Fiduciary Funds** are used to account for assets held in trustee or agent capacity for others that cannot be used to support the district's own programs. The fiduciary fund category includes Trust and agency funds.

The **Private – Purpose Trust Fund** is used to account for assets held by the District as a trustee. The District maintains a private-purpose trust fund, the Scholarship fund, to provide scholarships to students of the District.

**Agency Funds** are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds include Associate Student Body that accounts for student body activities (ASB) and Foundation Fund. The District uses agency funds for student body funds to account for the raising and expending of money to promote the general welfare, morale and educational experience of the student body. These funds' activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are custodial in nature and do not involve measurement of results of operations. Accordingly, the District presents only a statement of fiduciary net assets and does not present a statement of changes in fiduciary net assets. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**G. BUDGETS AND BUDGETARY ACCOUNTING**

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

During the year, budget revisions by the District's governing board and district superintendent give consideration to unanticipated revenue and expenditures. The final revised budgets are presented in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by major object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account. The budgets are revised during the year by the District's Board of Education and District Superintendent to provide for unanticipated revenues and expenditures.

**H. ENCUMBRANCES**

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

**I. REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 90 days of fiscal year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**J. 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 deferred revenue is removed from the balance sheet and revenue is recognized.

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

**K. EXPENSES/EXPENDITURES**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which have not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

**L. CASH AND CASH EQUIVALENTS**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

**M. INVESTMENTS**

Investments held at June 30, 2018, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**N. STORES INVENTORIES**

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

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**O. CAPITAL ASSETS AND DEPRECIATION**

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

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Buildings and improvements	7-50 (case by case)
Furniture and equipment	3-10 (case by case)

**P. INTERFUND BALANCES**

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

**Q. COMPENSATED ABSENCES**

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave except paraprofessional employees who are members of the California School Employees' Association (CSEA) and Gilroy Federation of Teachers and Paraprofessionals (GFT). The CSEA and GFT paraprofessional employees are paid for 25 percent of accumulated unused sick leave balance at termination of employment. Therefore, the value of accumulated sick leave is recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**R. LONG-TERM OBLIGATIONS**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund 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 governmental funds.

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

**S. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES**

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time.

**T. LOCAL CONTROL FUNDING FORMULA/PROPERTY TAX**

The District's local control funding formula is received from a combination of local property taxes, state apportionments, and other local sources.

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

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula (LCFF) sources by the District.

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

# GILROY UNIFIED SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

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### U. FUND BALANCE

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that are not expected to be converted to cash, such as resources that are not in a spendable form (e.g. inventories and prepaids) or that are legally or contractually required to be maintained intact. The District has classified its revolving cash account as being Nonspendable as it is required to be maintained intact.
- Restricted: This classification includes amounts constrained to specific purposes by their providers or by law. The District has classified federal and state categorical programs as being restricted because their use is restricted by Statute. Debt service resources are to be used for future servicing of the general obligation bonds and are restricted through debt covenants.
- Committed: This classification includes amounts constrained to specific sources by the Board. For this purpose, all commitments of funds shall be approved by a majority vote of the Board. The constraints shall be imposed no later than the end of the reporting period of June 30, although the actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements.
- Assigned: This classification includes amounts which the Board or its designee intends to use for a specific purpose but are neither restricted nor committed. The Board delegates authority to assign funds to the assigned fund balance to the Superintendent or designee and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Agency has assigned funds for Other Capital Projects that are to be used for the repair and replacement of equipment.
- Unassigned: This classification includes the residual fund balance for the General Fund and includes the amount designated for economic uncertainties. To protect the District against unforeseen circumstances such as revenue shortfalls and unanticipated expenditures, the Board maintains a minimum unassigned fund balance which includes a reserve for economic uncertainties equal to at least one month of average general fund expenditures or 7% of general fund expenditures and other financing uses. If the unassigned fund balance falls below this level due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Board shall develop a plan to recover the fund balance which may include dedicating new unrestricted revenues, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

When multiple types of funds are available for an expenditure, the District shall first utilize funds from the restricted fund balance as appropriate, then from committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.



**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**V. NET POSITION**

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

**W. OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are primarily interfund insurance premiums. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

**X. INTERFUND ACTIVITY**

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

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

**Y. 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.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**Z. PENSIONS**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Gilroy Unified School District's California Public Employees' Retirement System (CalPERS) and California State Teachers Retirement System (CalSTRS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS, 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.

**2. CASH AND CASH EQUIVALENTS**

Cash at June 30, 2018 consisted of the following:

	<u>Governmental Activities</u>	<u>Proprietary Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Cash on hand and in banks	\$ 1,754	\$ -	\$ 953,064	\$ 954,818
Cash in revolving fund	50,000	-	-	50,000
Cash with fiscal agent	76,081	288,732	-	364,813
Cash in county treasury	<u>94,821,760</u>	<u>1,546,665</u>	<u>608,290</u>	<u>96,976,715</u>
Total Cash and Cash Equivalents	<u>\$ 94,949,595</u>	<u>\$ 1,835,397</u>	<u>\$ 1,561,354</u>	<u>\$ 98,346,346</u>

**A. POLICIES AND PRACTICES**

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

**B. CASH IN BANKS AND REVOLVING FUNDS**

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

**C. CASH WITH FISCAL AGENT**

Cash with Fiscal Agent represents funds held by third parties restricted for the repayment of General Obligation Bonds and Certificates of Participation.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**D. CASH IN COUNTY TREASURY**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The weighted average maturity of the pool is 654 days. The pool is rated AAA by Standard and Poor's. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The market value is 0.9919847 of the book value or \$777,302 less. A market value adjustment has not been made.

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: 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. Investments' fair value measurements at June 30, 2018 are as shown below:

Description	Level 1	Level 2	Level 3	N/A	Total
<b>US Agency, Treasury &amp; Municipal Notes (USATM):</b>					
<b>US Agency Notes:</b>					
Notes/Discount Notes FFCB	\$ 11,431,771	\$ -	\$ -	\$ -	\$ 11,431,771
Notes/Discount Notes FHLB	19,410,878	-	-	-	19,410,878
Notes/Discount Notes FNMA	7,464,181	-	-	-	7,464,181
Notes/Discount Notes FHLMC	12,621,906	-	-	-	12,621,906
<b>US Treasury Notes:</b>	3,139,410	-	-	-	3,139,410
<b>Municipal Notes:</b>	402,635	-	-	-	402,635
<b>Supranationals</b>	3,905,180	-	-	-	3,905,180
<b>Corporate Bonds</b>	6,041,385	-	-	-	6,041,385
<b>Asset Backed Securities</b>	-	6,272,695	-	-	6,272,695
<b>Commercial Paper</b>	-	4,398,190	-	-	4,398,190
<b>Certificates of Deposit</b>	-	17,526,419	-	-	17,526,419
<b>LAIF</b>	-	-	-	526,620	526,620
<b>Money Market Accounts</b>	-	3,835,446	-	-	3,835,446
<b>Total</b>	<u>\$ 64,417,345</u>	<u>\$ 32,032,750</u>	<u>\$ -</u>	<u>\$ 526,620</u>	<u>\$ 96,976,715</u>

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**E. INTEREST RATE RISK**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**F. CREDIT RISK**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measure by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the Districts' investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

**G. CUSTODIAL CREDIT RISK - DEPOSITS**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. The District believes it has no significant custodial credit risk.

**H. CUSTODIAL CREDIT RISK - INVESTMENTS**

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the total investment held at the Bank of New York, the District has a custodial credit risk exposure of \$114,813 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

GILROY UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

3. INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Interfund Receivables/Payables

As of June 30, 2018, the interfund receivable and payable balances were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds		
General Fund	\$ 616,703	\$ -
Building Fund	-	323,295
Bond Interest and Redemption Fund	323,295	-
Nonmajor Funds		
Cafeteria Special Revenue Fund	-	591,703
Child Development Fund	-	25,000
Total	<u>\$ 939,998</u>	<u>\$ 939,998</u>

Interfund Transfers

There were no interfund transfers in 2018.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017	Additions and Transfers In	Deletions and Transfers Out	Balance June 30, 2018
Non-depreciable assets:				
Land	\$ 58,067,162	\$ -	\$ -	\$ 58,067,162
Construction in progress	12,509,502	15,829,225	505,736	27,832,991
	<u>70,576,664</u>	<u>15,829,225</u>	<u>505,736</u>	<u>85,900,153</u>
Depreciable assets:				
Buildings and Improvements	367,138,676	365,049	-	367,503,725
Furniture and equipment	12,284,964	192,674	-	12,477,638
	<u>379,423,640</u>	<u>557,723</u>	<u>-</u>	<u>379,981,363</u>
Totals, at cost	<u>450,000,304</u>	<u>16,386,948</u>	<u>505,736</u>	<u>465,881,516</u>
Accumulated depreciation:				
Building and Improvements	96,326,363	8,880,837	-	105,207,200
Furniture and Equipment	8,000,003	1,149,515	-	9,149,518
	<u>104,326,366</u>	<u>10,030,352</u>	<u>-</u>	<u>114,356,718</u>
Depreciable assets, net	<u>275,097,274</u>	<u>(9,472,629)</u>	<u>-</u>	<u>265,624,645</u>
Capital assets, net	<u>\$ 345,673,938</u>	<u>\$ 6,356,596</u>	<u>\$ 505,736</u>	<u>\$ 351,524,798</u>

The entire amount of depreciation expense was unallocated in the Statement of Activities.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**5. LONG-TERM LIABILITIES**

**Schedule of Changes in Long-Term Liabilities**

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
General Obligation Bond	\$ 248,517,823	\$ 761,963	\$ 7,435,000	\$ 241,844,786	\$ 6,185,000
Certificates of Participation	26,765,000	-	810,000	25,955,000	845,000
Accumulated vacation	107,913	25,335	-	133,248	-
Net Pension Liability	109,240,202	12,485,754	-	121,725,956	-
Supplemental Employee Retiree Plan	447,742	-	223,871	223,871	223,871
Subtotal	385,078,680	13,273,052	8,468,871	389,882,861	7,253,871
Unamortized general obligation bond premium	17,055,460	-	717,491	16,337,969	-
Unamortized certificates of participation premium	2,173,423	-	108,220	2,065,203	-
Unamortized Loss on Refunding	(8,710,115)	-	(597,504)	(8,112,611)	-
Total long term obligation	<u>\$ 395,597,448</u>	<u>\$ 13,273,052</u>	<u>\$ 8,697,078</u>	<u>\$ 400,173,422</u>	<u>\$ 7,253,871</u>

Payment of capital leases are made out of the General Fund. Payment of the general obligation bonds are made out of the Bond Interest and Redemption Fund. The Bond Interest and Redemption Fund receives property tax revenues which are used solely to repay the principal and interest due on these obligations. The Bond Anticipation Note was paid off using proceeds from the issuance of the General Obligation Bonds, Election of 2008, Series 2015 issued in the 2014-15 fiscal year. The 2016 certificates of participation refunded the 2008 certificates of participation in 2016-17 fiscal year and payments on the 2016 certificates of participation are made by the Capital Facilities Fund. The accrued vacation and early retirement incentive will be paid by the fund for which the employee worked.

**General Obligation Bonds**

In February 2015, the District issued General Obligation Bonds, Election of 2008, Series 2015 (the “Series 2015 New Money Bonds”) and General Obligation Refunding Bonds, Series 2015 (the “Series 2015 Refunding Bonds”), totaling \$30,385,000 and \$35,300,000, respectively. The Series 2015 New Money Bonds were issued to provide the funds necessary to pay the outstanding 2011 General Obligation Bond Anticipation Notes and finance specific construction, repair and improvement projects approved by the voters of the District. The Series 2015 Refunding Bonds were issued to refund a portion of the outstanding 2009 General Obligation Bonds (Election of 2008, Series A). The Series 2015 New Money and Refunding Bonds bear interest rates from 3% to 5% and are scheduled to mature through 2045. In January 2017, the District issued General Obligation Bonds, Election of 2016, Series 2017 (the “Series 2017 Bonds”) totaling \$60,000,000 to finance specific construction, repair and improvement projects approved by the voters of the District. Repayment of the Bonds is made from ad valorem property taxes levied and collected by Santa Clara County.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**5. LONG-TERM LIABILITIES (CONTINUED)**

The outstanding general obligation bonded debt is as follows:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2017</u>	<u>Issued/ Accretion</u>	<u>Redeemed</u>	<u>Balance June 30, 2018</u>
3/12/2009	08/01/32	3% - 6.81%	\$ 49,986,615	\$ 12,962,823	\$ 761,963	\$ 2,180,000	\$ 11,544,786
2/27/2013	08/01/47	3.125% - 5%	110,670,000	110,370,000	-	25,000	110,345,000
2/3/2015	08/01/44	3% - 5%	30,385,000	30,385,000	-	-	30,385,000
2/3/2015	08/01/44	3% - 5%	35,300,000	34,800,000	-	-	34,800,000
1/5/2017	08/01/37	2% - 5%	60,000,000	60,000,000	-	5,230,000	54,770,000
			<u>\$ 229,656,615</u>	<u>\$ 248,517,823</u>	<u>\$ 761,963</u>	<u>\$ 7,435,000</u>	<u>\$ 241,844,786</u>
						Premium GO Bond	\$ 16,337,969
							<u>\$ 258,182,755</u>

**Debt Service Requirements to Maturity**

The bonds mature through 2048 as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2019	\$ 6,185,000	\$ 11,911,331	\$ 18,096,331
2020	3,030,000	11,677,122	14,707,122
2021	3,575,000	9,671,725	13,246,725
2022	4,185,000	9,551,925	13,736,925
2023	4,355,000	9,385,925	13,740,925
2024-2028	25,520,000	44,211,931	69,731,931
2029-2033	8,491,615	96,624,629	105,116,244
2034-2038	35,255,000	36,313,056	71,568,056
2039-2043	62,525,000	26,697,988	89,222,988
2044-2048	84,135,000	9,648,500	93,783,500
Total	<u>\$ 237,256,615</u>	<u>\$ 265,694,133</u>	<u>\$ 502,950,748</u>
Total Accretion	4,588,171		
Total GO Bonds	<u>\$ 241,844,786</u>		

**Certificates of Participation**

In July 2016, the District issued certificates of participation in the amount of \$27,870,000 through the Cede & Company with interest rates ranging from 2.00 to 4.00 percent. The certificates mature through 2039. The aggregate principal outstanding for all issues is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 845,000	\$ 924,950	\$ 1,769,950
2020	865,000	899,600	1,764,600
2021	880,000	873,650	1,753,650
2022	925,000	838,450	1,763,450
2023	945,000	801,450	1,746,450
2024-2028	5,385,000	3,404,450	8,789,450
2029-2033	6,495,000	2,241,850	8,736,850
2034-2038	7,890,000	982,500	8,872,500
2039-2040	1,725,000	51,750	1,776,750
Total	<u>\$ 25,955,000</u>	<u>\$ 11,018,650</u>	<u>\$ 36,973,650</u>



**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**5. LONG-TERM LIABILITIES (CONTINUED)**

**Supplemental Employee Retiree Plans**

In the 2009-2010 fiscal year, the District offered a Supplemental Employee Retiree Plan to eligible certificated employees. Fourteen employees took the incentives. Retirement benefits totaling \$814,585 will be paid out in installments of \$162,917 each year for the next five years starting on August 1, 2009. The offers were extended to those who were at least 58 years of age with 10 or more years of permanent services to the District at the end of the 2008-2009 fiscal year.

In the 2010-2011 fiscal year, the District offered a Supplemental Employee Retiree Plan to eligible certificated employees. Seventeen employees took the incentives. Retirement benefits totaling \$890,935 will be paid out in installments of \$178,187 each year for the next five years starting on August 1, 2010. The offers were extended to those who were at least 58 years of age with 10 or more years of permanent services to the District at the end of the 2009-2010 fiscal year.

In the 2011-2012 fiscal year, the District offered a Supplemental Employee Retiree Plan to eligible certificated employees. Twelve employees took the incentives. Retirement benefits totaling \$633,520 will be paid out in installments of \$126,704 each year for the next five years starting on August 1, 2011. The offers were extended to those who were at least 58 years of age with 10 or more years of permanent services to the District at the end of the 2010-2011 fiscal year.

In the 2013-2014 fiscal year, the District offered a Supplemental Employee Retiree Plan to eligible certificated employees. Twenty-two employees took the incentives. Retirement benefits totaling \$1,063,075 will be paid out in installments of \$212,603 each year for the next five years starting on July 1, and August 1, 2014. The offers were extended to those who were at least 58 years of age with 10 or more years of permanent services to the District at the end of the 2013-2014 fiscal year.

In the 2014-2015 fiscal year, the District did not offer a Supplemental Employee Retiree Plan.

In the 2015-2016 fiscal year, the District did not offer a Supplemental Employee Retiree Plan.

In the 2016-2017 fiscal year, the District did not offer a Supplemental Employee Retiree Plan.

In the 2017-2018 fiscal year, the District did not offer a Supplemental Employee Retiree Plan.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**6. EMPLOYEE RETIREMENT SYSTEMS**

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

**Plan Description**

**California Public Employees' Retirement System (CalPERS)**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

**State Teachers' Retirement System (STRS)**

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Headquarters, 100 Waterfront Place, West Sacramento, California 95605.

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

	<b>CalPERS</b>		<b>CalSTRS</b>	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2% @ 55	2% @ 62	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	55	62	60	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%	2.0%
Required employee contribution rates	7%	6%	10.25%	9.205%
Required employer contribution rates	15.531%	15.531%	14.43%	14.43%

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Contributions**

**CalPERS**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Gilroy Unified School District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**STRS**

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan were:

	<u>CalPERS</u>	<u>STRS</u>	<u>Total</u>
Contributions - employer	\$ 2,979,973	\$ 7,479,391	\$ 10,459,364
On behalf contributions - state	-	4,193,095	4,193,095
Total	<u>\$ 2,979,973</u>	<u>\$ 11,672,486</u>	<u>\$ 14,652,459</u>

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

As of June 30, 2018, Gilroy Unified School District reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of:

	<u>Proportionate Share of Net Pension Liability</u>
CalPERS	\$ 34,574,468
STRS	87,151,488
Total Net Pension Liability	<u>\$ 121,725,956</u>

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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

	<b>CalPERS</b>	<b>STRS</b>
Proportion - June 30, 2016	0.14407%	0.09988%
Proportion - June 30, 2017	0.14483%	0.09424%
Change - Increase (Decrease)	0.00076%	-0.00564%

For the year ended June 30, 2018, the District recognized pension expense of \$4,684,024 and \$6,808,119 for CalPERS and STRS, respectively. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>CalPERS</b>		<b>STRS</b>		<b>Total</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 2,979,973	\$ -	\$ 11,672,486	\$ -	\$ 14,652,459	\$ -
Difference between proportionate share of aggregate employer contributions and actual contributions for 2016-17.	-	611,402	-	2,742,286	-	3,353,689
Changes of Assumptions	3,755,236	1,012,400	13,839,284	-	17,594,520	1,012,400
Differences between Expected and Actual Experience	1,790,015	-	276,253	3,377,841	2,066,268	3,377,841
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	605,228	3,825,738	6,098,276	3,825,738	6,703,504
Net differences between projected and actual investment earnings on pension plan investments	2,271,517	-	-	3,127,956	2,271,517	3,127,956
Total	\$ 10,796,741	\$ 2,229,030	\$ 29,613,760	\$ 15,346,359	\$ 40,410,501	\$ 17,575,389

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

<b>Year Ended June 30</b>	<b>CalPERS</b>	<b>STRS</b>	<b>Total Deferred Outflows/ (Inflows) of Resources</b>
2019	\$ 829,836	\$ (3,452,791)	\$ (2,622,955)
2020	2,168,033	(606,929)	1,561,104
2021	2,350,662	532,412	2,883,074
2022	239,208	1,365,568	1,604,776
2023	-	2,154,484	2,154,484
Thereafter	-	2,602,171	2,602,171
<b>Total</b>	<b>\$ 5,587,739</b>	<b>\$ 2,594,915</b>	<b>\$ 8,182,654</b>

**Actuarial Assumptions**

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

	<b>CalPERS</b>	<b>STRS</b>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.75%	2.75%
Payroll Growth Rate	3.00%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

(1) Net of pension plan investment expenses, including inflation

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**Discount Rate**

**CalPERS**

The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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.

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

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

The table below reflects 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	CalPERS		
	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
	Global Equity	47.0%	4.90%
Fixed Income	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%
	100.0%		

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

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

**STRS**

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1 percent) and assuming that contributions and benefit payments occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

Asset Class	STRS	
	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47.0%	6.30%
Private Equity	13.0%	9.30%
Real Estate	13.0%	5.20%
Fixed Income	12.0%	0.30%
Absolute Return/Risk Mitigating Strategies	9.0%	2.90%
Inflation Sensitive	4.0%	3.80%
Cash/Liquidity	2.0%	-1.00%
Total	100%	

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**6. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

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

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

	<b>CalPERS</b>		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 50,870,122	\$ 34,574,468	\$ 21,055,858

	<b>STRS</b>		
	Discount Rate - 1% (6.10%)	Current Discount Rate (7.10%)	Discount Rate + 1% (8.10%)
Plan's Net Pension Liability	\$ 127,966,053	\$ 87,151,488	\$ 54,027,703

**Pension Plan Fiduciary Net Position**

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

**Payable to the Pension Plan**

At June 30, 2018, the District had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.



**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**7. FUND BALANCE**

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified as follows:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total</u>
<b>Nonspendable:</b>					
Revolving cash	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Prepaid expenditures	3,335	-	-	-	3,335
Stores	73,817	-	-	83,800	157,617
Total Nonspendable	<u>127,152</u>	<u>-</u>	<u>-</u>	<u>83,800</u>	<u>210,952</u>
<b>Restricted for:</b>					
Adult Education Block Grant Program	-	-	-	84,238	84,238
Medi-Cal Billing Option	458,449	-	-	-	458,449
California Clean Energy Jobs Act	1,312,133	-	-	-	1,312,133
Lottery: Instructional Materials	844,644	-	-	-	844,644
Ongoing & Major Maintenance Account	85,000	-	-	-	85,000
Child Development: Center-Based Reserve A	-	-	-	160,693	160,693
Special Ed: Mental Health Services	211,443	-	-	-	211,443
College Readiness Block Grant	223,789	-	-	-	223,789
State School Facilities Projects	-	-	-	753,472	753,472
Child Nutrition: School Programs	-	-	-	75,237	75,237
Other Restricted Local	-	46,741,277	12,194,024	3,988,499	62,923,800
Total Restricted	<u>3,135,458</u>	<u>46,741,277</u>	<u>12,194,024</u>	<u>5,062,139</u>	<u>67,132,898</u>
<b>Committed:</b>					
Other Commitments	-	1,374,842	-	2,906,797	4,281,639
Total Committed	<u>-</u>	<u>1,374,842</u>	<u>-</u>	<u>2,906,797</u>	<u>4,281,639</u>
<b>Assigned to:</b>					
Home to School Transportation	222,106	-	-	-	222,106
Deferred Maintenance Needs	922,236	-	-	-	922,236
Textbook Adoptions	2,597,646	-	-	-	2,597,646
Project Lead The Way	56,611	-	-	-	56,611
One Time Disc. Spent in 2018-19	713,500	-	-	-	713,500
LCAP	530,790	-	-	-	530,790
Targeted Support/EL Targeted Support	386,317	-	-	-	386,317
New Teacher Induction Program	250,000	-	-	-	250,000
Total Assigned	<u>5,679,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,679,206</u>
<b>Unassigned:</b>					
Economic uncertainties	8,898,110	-	-	-	8,898,110
Unassigned/Unappropriated	4,637,409	-	-	(522,628)	4,114,781
Total Unassigned	<u>13,535,519</u>	<u>-</u>	<u>-</u>	<u>(522,628)</u>	<u>13,012,891</u>
Total Fund Balances	<u>\$ 22,477,335</u>	<u>\$ 48,116,119</u>	<u>\$ 12,194,024</u>	<u>\$ 7,530,108</u>	<u>\$ 90,317,586</u>

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**8. COMMITMENTS AND CONTINGENCIES**

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is management’s opinion that any required reimbursement subsequently determined will not have a material effect on the District’s financial position.

**9. JOINT VENTURES**

The District is a member of one joint powers authority (JPA): Santa Clara County Schools Insurance Group (SCCSIG) for property and liability insurance. The relationship between the District, the pools, and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

SCCSIG has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in SCCSIG’s financial statements; however, fund transactions between SCCSIG and the District are included in their statements. Audited financial statements are available SCCSIG. Condensed audited financial statements are as follows:

	<b>2017*</b>
	<b>SCCSIG (Audited)</b>
Total Assets	<u>\$ 21,561,192</u>
Total Deferred Outflow of Resources	<u>168,209</u>
Total Liabilities	<u>6,318,069</u>
Total Deferred Inflow of Resources	<u>23,349</u>
Net Position	<u>\$ 15,387,983</u>
Total Revenues	36,088,227
Total Expenditures	<u>34,053,133</u>
Increase (Decrease) in Net Position	<u>\$ 2,035,094</u>

*\* Most recent report available*

The District has appointed one board member to the Governing Board of SCCSIG. During the year ended June 30, 2018, the District made payments of \$682,225 to SCCSIG.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

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**10. TAX AND REVENUE ANTICIPATION NOTES**

The District issued \$6,795,000 of tax and revenue anticipation notes (TRANs) dated July 6, 2017. The issuance cost, underwriter's discount and the premium were \$23,500, \$6,795 and \$135,288 respectively. The final cost for the TRANs was \$6,994,886. The note matured in 2 installments at 3% interest. The first payment of \$3,397,500 was made on January 31, 2017 and second payment of \$3,597,386 was made on April 30, 2017.

The District issued \$4,955,000 of tax and revenue anticipation notes (TRANs) dated July 12, 2018. The issuance cost, underwriter's discount and the premium were \$17,500, \$4,955 and \$65,654 respectively. The final cost for the TRANs was \$5,097,869. The note matures in 2 installments at 3% interest. The first payment of \$2,477,500 is scheduled to be made on January 31, 2019 and second payment of \$2,620,369 is scheduled to be made on April 30, 2019. The notes were sold to supplement cash flow.

**11. SUBSEQUENT EVENTS**

The District's management evaluated its June 30, 2018 financial statements for subsequent events through November 19, 2018, the date the financial statements were available to be issued. Management is not aware of any other subsequent events other than the above that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**GILROY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

**GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
LCFF revenue	\$ 104,137,111	\$ 104,496,213	\$ 104,363,166	\$ (133,047)
Federal revenue	6,295,927	7,895,785	6,670,896	(1,224,889)
Other state revenues	8,249,260	11,667,631	11,532,820	(134,811)
Other local revenues	1,369,588	2,601,634	2,378,504	(223,130)
Total revenues	<u>120,051,886</u>	<u>126,661,263</u>	<u>124,945,386</u>	<u>(1,715,877)</u>
<b>EXPENDITURES</b>				
Certificated salaries	54,013,454	53,648,962	53,579,966	68,996
Classified salaries	17,992,476	19,265,548	18,464,661	800,887
Employee benefits	27,487,875	26,467,989	26,039,433	428,556
Books and supplies	5,857,407	14,299,092	7,239,594	7,059,498
Services and other operating expenditures	13,455,497	19,731,021	17,893,854	1,837,167
Capital outlay	258,126	1,380,256	697,119	683,137
Other outgo	3,141,633	3,422,655	3,201,241	221,414
Total expenditures	<u>122,206,468</u>	<u>138,215,523</u>	<u>127,115,868</u>	<u>11,099,655</u>
Excess (deficiency) of revenues over expenditures	<u>(2,154,582)</u>	<u>(11,554,260)</u>	<u>(2,170,482)</u>	<u>9,383,778</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	-	-	-	-
Net change in fund balances	(2,154,582)	(11,554,260)	(2,170,482)	9,383,778
Fund balances, July 1, 2017	<u>24,647,817</u>	<u>24,647,817</u>	<u>24,647,817</u>	<u>-</u>
Fund balances, June 30, 2018	<u>\$ 22,493,235</u>	<u>\$ 13,093,557</u>	<u>\$ 22,477,335</u>	<u>\$ 9,383,778</u>

**GILROY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>CalPERS</b>	<b>June 30, 2014 <sup>(1)</sup></b>	<b>June 30, 2015 <sup>(1)</sup></b>	<b>June 30, 2016 <sup>(1)</sup></b>	<b>June 30, 2017 <sup>(1)</sup></b>
Proportion of the net pension liability	0.13474%	0.14030%	0.14407%	0.14483%
Proportionate share of the net pension liability	\$ 15,296,437	\$ 20,679,872	\$ 28,454,449	\$ 34,574,468
Covered-employee payroll <sup>(2)</sup>	\$ 13,749,155	\$ 15,432,540	\$ 14,744,304	\$ 16,514,777
Proportionate Share of the net pension liability as percentage of covered-employee payroll	111.25%	134.00%	192.99%	209.35%
Plans fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 1,618,413	\$ 1,828,293	\$ 2,047,689	\$ 2,564,910
<b>STRS</b>	<b>June 30, 2014 <sup>(1)</sup></b>	<b>June 30, 2015 <sup>(1)</sup></b>	<b>June 30, 2016 <sup>(1)</sup></b>	<b>June 30, 2017 <sup>(1)</sup></b>
Proportion of the net pension liability	0.09888%	0.10380%	0.09988%	0.09424%
Proportionate share of the net pension liability	\$ 57,784,450	\$ 69,884,251	\$ 80,785,753	\$ 87,151,488
Covered-employee payroll <sup>(2)</sup>	\$ 40,918,243	\$ 39,872,917	\$ 42,458,124	\$ 43,542,349
Proportionate Share of the net pension liability as percentage of covered-employee payroll	141.22%	175.27%	190.27%	200.15%
Plans fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%
Proportionate share of aggregate employer contributions <sup>(3)</sup>	\$ 3,633,540	\$ 4,278,364	\$ 5,341,232	\$ 6,283,161

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

<sup>(3)</sup> The Plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The Plan's proportionate share of aggregate contributions is based on the Plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

**GILROY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF PENSION CONTRIBUTIONS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>CalPERS</b>	<b>Fiscal Year 2013-14 <sup>(1)</sup></b>	<b>Fiscal Year 2014-15 <sup>(1)</sup></b>	<b>Fiscal Year 2015-16 <sup>(1)</sup></b>	<b>Fiscal Year 2016-17 <sup>(1)</sup></b>
Actuarially Determined Contribution <sup>(2)</sup>	\$ 1,618,413	\$ 1,828,293	\$ 2,047,689	\$ 2,564,910
Contributions in relation to the actuarially determined contributions <sup>(2)</sup>	<u>(1,776,920)</u>	<u>(2,047,315)</u>	<u>(2,565,408)</u>	<u>(2,979,973)</u>
Contribution deficiency (excess)	<u>\$ (158,507)</u>	<u>\$ (219,022)</u>	<u>\$ (517,719)</u>	<u>\$ (415,063)</u>
Covered-employee payroll <sup>(3)</sup>	\$ 13,749,155	\$ 15,432,540	\$ 14,744,304	\$ 16,514,777
Contributions as a percentage of covered-employee payroll <sup>(3)</sup>	11.771%	11.847%	13.888%	15.531%
<b>STRS</b>	<b>Fiscal Year 2013-14 <sup>(1)</sup></b>	<b>Fiscal Year 2014-15 <sup>(1)</sup></b>	<b>Fiscal Year 2015-16 <sup>(1)</sup></b>	<b>Fiscal Year 2016-17 <sup>(1)</sup></b>
Actuarially Determined Contribution <sup>(2)</sup>	\$ 3,633,540	\$ 4,278,364	\$ 5,341,232	\$ 6,283,161
Contributions in relation to the actuarially determined contributions <sup>(2)</sup>	<u>(4,227,720)</u>	<u>(5,383,474)</u>	<u>(6,504,361)</u>	<u>(7,479,391)</u>
Contribution deficiency (excess)	<u>\$ (594,180)</u>	<u>\$ (1,105,110)</u>	<u>\$ (1,163,129)</u>	<u>\$ (1,196,230)</u>
Covered-employee payroll <sup>(3)</sup>	\$ 40,918,243	\$ 39,872,917	\$ 42,458,124	\$ 43,542,349
Contributions as a percentage of covered-employee payroll <sup>(3)</sup>	8.880%	10.730%	12.580%	14.430%

<sup>(1)</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>(2)</sup> Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

<sup>(3)</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**1. PURPOSE OF SCHEDULES**

**A. Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual – General Fund**

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

**B. Schedule of Proportionate Share of Net Pension Liability**

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

*Changes in Assumptions*

The CalPERS plan discount rate was changed from 7.65 percent to 7.15 percent since the previous valuation. The CalSTRS plan discount rate was changed from 7.60 percent to 7.10 percent since the previous valuation.

*Changes in Benefit Terms*

There were no changes in benefit terms since the previous valuations for both CalPERS and CalSTRS.



**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**1. PURPOSE OF SCHEDULES (CONTINUED)**

**C. Schedule of Pension Contributions**

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

	<b>CalPERS</b>	<b>STRS</b>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.75%	2.75%
Payroll Growth Rate	3.00%	3.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.15%	7.10%
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using STRS' Membership Data for all Funds

(1) Net of pension plan investment expenses, including inflation

## **SUPPLEMENTARY INFORMATION**

**GILROY UNIFIED SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**ALL NON-MAJOR FUNDS**

**JUNE 30, 2018**

	<b>Adult Education Fund</b>	<b>Cafeteria Fund</b>	<b>Capital Facilities Fund</b>	<b>Child Development Fund</b>	<b>County School Facilities Fund</b>	<b>Tax Override Fund</b>	<b>Total</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 78,805	\$ 29,620	\$ 3,293,465	\$ 1,955	\$ 3,965,859	\$ 639,760	\$ 8,009,464
Accounts receivable	22,445	752,592	14,092	187,444	18,010	-	994,583
Stores	-	83,800	-	-	-	-	83,800
<b>Total assets</b>	<b>\$ 101,250</b>	<b>\$ 866,012</b>	<b>\$ 3,307,557</b>	<b>\$ 189,399</b>	<b>\$ 3,983,869</b>	<b>\$ 639,760</b>	<b>\$ 9,087,847</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 17,012	\$ 115,272	\$ 400,760	\$ 3,706	\$ 404,286	\$ -	\$ 941,036
Due to other funds	-	591,703	-	25,000	-	-	616,703
<b>Total liabilities</b>	<b>17,012</b>	<b>706,975</b>	<b>400,760</b>	<b>28,706</b>	<b>404,286</b>	<b>-</b>	<b>850,764</b>
<b>Fund balances</b>							
Nonspendable	-	83,800	-	-	-	-	83,800
Restricted	84,238	75,237	-	160,693	3,953,088	788,883	5,062,139
Committed	-	-	2,906,797	-	-	-	2,906,797
Unassigned	-	-	-	-	(373,505)	(149,123)	(522,628)
<b>Total fund balances</b>	<b>84,238</b>	<b>159,037</b>	<b>2,906,797</b>	<b>160,693</b>	<b>3,579,583</b>	<b>639,760</b>	<b>7,530,108</b>
<b>Total liabilities and fund balances</b>	<b>\$ 101,250</b>	<b>\$ 866,012</b>	<b>\$ 3,307,557</b>	<b>\$ 189,399</b>	<b>\$ 3,983,869</b>	<b>\$ 639,760</b>	<b>\$ 9,087,847</b>

**GILROY UNIFIED SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**ALL NON-MAJOR FUNDS**

**JUNE 30, 2018**

	<u>Adult Education Fund</u>	<u>Cafete ria Fund</u>	<u>Capital Facilities Fund</u>	<u>Child Development Fund</u>	<u>County School Facilities Fund</u>	<u>Tax Override Fund</u>	<u>Total</u>
<b>REVENUES</b>							
Federal revenue	\$ -	\$ 3,986,873	\$ -	\$ -	\$ -	\$ -	\$ 3,986,873
Other state revenues	11,460	255,902	-	1,020,931	746,443	-	2,034,736
Other local revenues	227,900	1,415,911	2,422,734	1,826	107,368	(337)	4,175,402
Total revenues	<u>239,360</u>	<u>5,658,686</u>	<u>2,422,734</u>	<u>1,022,757</u>	<u>853,811</u>	<u>(337)</u>	<u>10,197,011</u>
<b>EXPENDITURES</b>							
Certificated salaries	156,029	-	-	329,473	-	-	485,502
Classified salaries	53,435	1,845,809	-	237,833	-	-	2,137,077
Employee benefits	52,867	670,357	-	265,911	-	-	989,135
Books and supplies	70,696	(51,355)	70,512	8,669	-	-	98,522
Services and other operating expenditures	12,561	2,947,660	28,395	19,956	4,753	-	3,013,325
Capital outlay	-	(5,821)	977,089	-	6,985,644	-	7,956,912
Other outgo	9,009	233,277	-	222	-	-	242,508
Debt service expenditures	-	-	1,751,150	-	-	-	1,751,150
Total expenditures	<u>354,597</u>	<u>5,639,927</u>	<u>2,827,146</u>	<u>862,064</u>	<u>6,990,397</u>	<u>-</u>	<u>16,674,131</u>
Excess of revenues over expenditures	<u>(115,237)</u>	<u>18,759</u>	<u>(404,412)</u>	<u>160,693</u>	<u>(6,136,586)</u>	<u>(337)</u>	<u>(6,477,120)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Other sources	-	-	45,714	-	-	-	45,714
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>45,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,714</u>
Net change in fund balances	<u>(115,237)</u>	<u>18,759</u>	<u>(358,698)</u>	<u>160,693</u>	<u>(6,136,586)</u>	<u>(337)</u>	<u>(6,431,406)</u>
Beginning Balance, July 1, 2016	<u>199,475</u>	<u>140,278</u>	<u>3,265,495</u>	<u>-</u>	<u>9,716,169</u>	<u>640,097</u>	<u>13,961,514</u>
Fund balances, June 30, 2018	<u>\$ 84,238</u>	<u>\$ 159,037</u>	<u>\$ 2,906,797</u>	<u>\$ 160,693</u>	<u>\$ 3,579,583</u>	<u>\$ 639,760</u>	<u>\$ 7,530,108</u>

**GILROY UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Assets:</b>				
Cash on hand and in banks				
Brownwell Middle School	\$ 19,657	\$ 82,328	\$ 74,658	\$ 27,327
Christopher High School	362,720	75,210	146,653	291,277
South Valley Middle School	53,019	98,427	95,059	56,387
MT. Madonna High School	1,619	281	251	1,649
Ascencion Solorsano MS	56,695	92,989	88,870	60,814
Gilroy High School	<u>326,443</u>	<u>711,570</u>	<u>698,732</u>	<u>339,281</u>
Total Assets	<u>\$ 820,153</u>	<u>\$ 1,060,805</u>	<u>\$ 1,104,223</u>	<u>\$ 776,735</u>
<b>Liabilities:</b>				
Due to Student Groups	<u>\$ 820,153</u>	<u>\$ 1,060,805</u>	<u>\$ 1,104,223</u>	<u>\$ 776,735</u>

**GILROY UNIFIED SCHOOL DISTRICT**

**ORGANIZATION**

**JUNE 30, 2018**

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The Gilroy Unified School District was established in July 1, 1966, under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K - 12 as mandated by the State and Federal agencies. The District operates eight elementary schools, three middle schools, two high schools, one early college high school, one independent study school, and one continuation school.

**GOVERNING BOARD**

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Patricia Midtgaard	President	2018
Linda Piceno	Vice President	2018
Heather Bass	Member	2018
BC Doyle	Member	2020
Mark Good	Member	2020
James Pace	Member	2020
Jaime Rosso	Member	2018

**ADMINISTRATION**

Dr. Deborah Flores  
Superintendent

Alvaro Meza  
Assistant Superintendent, Business Services

Kimberly Mason  
Director of Fiscal Services

Paul Winslow  
Assistant Superintendent, Human Resources

Anna Pulido  
Director of Student Services

**GILROY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	<b>Second Period Report</b>	<b>Annual Report</b>
Elementary		
TK through Third	3,031.54	3,034.04
Fourth through Sixth	2,499.93	2,497.70
Seventh through Eighth	1,534.70	1,538.24
Special Education	5.15	5.22
Extended Year	11.63	12.56
Subtotal	<u>7,082.95</u>	<u>7,087.76</u>
Secondary		
Regular Classes	3,412.79	3,378.33
Special Education	7.14	6.41
Extended Year	3.66	5.06
Continuation Education	132.87	132.82
Subtotal	<u>3,556.46</u>	<u>3,522.62</u>
Total	<u><u>10,639.41</u></u>	<u><u>10,610.38</u></u>

**GILROY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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<b>Grade Level</b>	<b>Standard Minutes Requirement</b>	<b>2017-18 Actual Minutes</b>	<b>Instructional Days</b>	<b>Status</b>
Kindergarten	36,000	50,004	180	In compliance
Grade 1	50,400	50,688	180	In compliance
Grade 2	50,400	50,688	180	In compliance
Grade 3	50,400	50,688	180	In compliance
Grade 4	54,000	54,528	180	In compliance
Grade 5	54,000	54,528	180	In compliance
Grade 6	54,000	56,853	180	In compliance
Grade 7	54,000	56,853	180	In compliance
Grade 8	54,000	56,853	180	In compliance
Grade 9	64,800	64,916	180	In compliance
Grade 10	64,800	64,916	180	In compliance
Grade 11	64,800	64,916	180	In compliance
Grade 12	64,800	64,916	180	In compliance

Schedule of instructional time for Rucker Elementary per CDE waiver #23-6-2016-W-10

<b>Grade Level</b>	<b>Standard Minutes Requirement</b>	<b>2017-18 Actual Minutes</b>	<b>Instructional Days</b>	<b>Status</b>
Grade 4	54,695	54,758	180	In compliance
Grade 5	54,695	54,758	180	In compliance



**GILROY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF CHARTER SCHOOLS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2018**

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<u>Charter School ID Number</u>	<u>Charter Schools Chartered by the District</u>	<u>Included in the District Financial Statements, or Separate Report</u>
1278	Gilroy Prep Academy/Navigator School	Separately Reported

**GILROY UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT  
WITH AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements for the fiscal year ended June 30, 2018.

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Self Insurance Fund
<b>FUND BALANCE</b>					
Balance, June 30, 2018, Unaudited Actuals	\$ 22,477,335	\$ 48,098,996	\$ 12,176,901	\$ 7,530,108	\$ 1,836,827
Increase in:					
Proceeds from other sources	-	-	17,123	-	-
Decrease in:					
Services & Other					
Operating Expenditures	-	17,123	-	-	-
Balance, June 30, 2018, Audited Financial Statement	<u>\$ 22,477,335</u>	<u>\$ 48,116,119</u>	<u>\$ 12,194,024</u>	<u>\$ 7,530,108</u>	<u>\$ 1,836,827</u>

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

<b>Federal CFDA Number</b>	<b>Grantor and Program Title</b>	<b>Pass- Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Education</u>			
<i>Passed through California Department of Education</i>			
<b>Special Education Cluster:</b>			
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611 (Formerly PL 94-142)	13379	* \$ 1,787,906
84.027	Special Education: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	10115	
84.027A	Special Education: Mental Health Allocation Plan, Part B, Section 611	14468	* 140,220
84.027A	Special Ed: IDEA Preschool Local Entitlement, Part B, Section 611 (AGE 3-4-5)	13682	* 104,376
84.173	Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	13430	* 65,999
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	13431	* 595
<b>Subtotal Special Education Cluster</b>			<u>2,099,096</u>
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	14329	* 1,761,327
84.048	Carl D. Perkins Career and Technical Ed	14894	60,704
84.011	NCLB: Title I, Part C, Migrant Ed (Regular and Summer Program)	14326	187,558
84.011	NCLB: Title I, Migrant Ed Summer Program	10005	59,239
84.011	NCLB: Title I, Part C, Even Start Migrant Education (MEES)	14768	32,120
84.367	NCLB: Title II, Part A, Improving Teacher Quality Local Grants	14341	286,606
84.365	NCLB (ESEA) : Title III, Limited English Proficient (LEP) Student Program	14346	176,768
84.287	NCLB: Title IV, Part B, 21st Century Community Learning Centers Program	14349	1,364,425
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	<u>166,467</u>
<b>Total U.S. Department of Education</b>			<u>6,194,310</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through California Department of Education</i>			
10.555	Child Nutrition: School Programs	13391	3,986,873
10.555	School Lunch Program - Nonmonetary Assistance	13391	<u>342,998</u>
<b>Total U.S. Department of Agriculture</b>			<u>4,329,871</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through California Department of Education</i>			
93.778	Dept of Health Care Services (DHCS): Medi-Cal Administrative Activities	10013	250,482
93.778	Dept of Health Care Services (DHCS): Medi-Cal Billing Option	10013	<u>226,104</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>476,586</u>
<b>Total Federal Programs</b>			<u>\$ 11,000,767</u>

\* Tested as a major program.

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

	<u>Adopted Budget 2018/2019</u>	<u>Actuals 2017/2018</u>	<u>Actuals 2016/2017</u>	<u>Actuals 2015/2016</u>
<b><u>General Fund</u></b>				
Revenues and Other Financial Sources	\$ 130,777,140	124,945,386	\$ 124,329,452	\$ 120,241,782
Expenditures	136,747,035	127,115,868	120,857,238	109,317,698
Other Uses and Transfers Out	-	-	203,429	131,042
Total Outgo	136,747,035	127,115,868	121,060,667	109,448,740
Change in Fund Balance	(5,969,895)	(2,170,482)	3,268,785	10,793,042
Ending Fund Balance	\$ 16,507,440	\$ 22,477,335	\$ 24,647,817	\$ 21,379,032
Available Reserves *	\$ 16,377,445	\$ 13,535,519	\$ 14,745,937	\$ 13,239,788
Designated for Economic Uncertainties	\$ 9,572,292	\$ 8,898,110	\$ 8,474,248	\$ 7,661,412
Undesignated Fund Balance	\$ 6,805,153	\$ 4,637,409	\$ 6,271,689	\$ 5,578,376
Available Reserves as a Percentage of Total Outgo	12.0%	10.6%	12.2%	12.1%

**All Funds**

Total Long-Term Debt	\$ 382,628,990	\$ 389,882,861	\$ 385,078,680	\$ 311,411,051
Actual Daily Attendance at P-2 (Exclusive of Adult ADA)	10,639	10,639	10,889	10,861

\*Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund

The general fund balance has increased by \$11,891,345 in two of the past three years. For a district this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District has met this requirement.

Total long-term liabilities have increased by \$78,471,810 over the past two years due to the addition of the net pension liability and issuances of bonds.

Average Daily Attendance (ADA) has decreased by 222 over the past two years and attendance is budgeted to remain consistent for the fiscal year 2018-2019.

**GILROY UNIFIED SCHOOL DISTRICT**

**NOTES TO SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**1. SCHEDULE OF AVERAGE DAILY ATTENDANCE**

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

**2. SCHEDULE OF INSTRUCTIONAL TIME**

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206. Districts must maintain their instructional minutes in accordance with the State's standard requirement as required by Education Code Section 46201(b).

The District has not received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding.

**3. SCHEDULE OF CHARTER SCHOOLS**

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

**4. RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS**

This schedule provides information necessary to reconcile the Unaudited Actual Fund Financial Reports to the audited financial statements.

**5. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The schedule on the following page provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of the fair value of federal food commodities received from the California Department of Education as a pass-through grant from the U.S. Department of Agriculture that are not reflected in the financial statements.

**GILROY UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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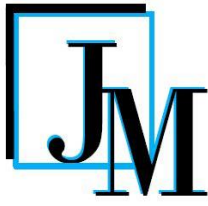
**5. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

	<b>Federal Catalog Number</b>	<b>Amount</b>
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 10,657,769
Reconciling items		
Food Distribution - Commodities	10.555	342,998
Total Schedule of Expenditures of Federal Awards		\$ 11,000,767

**6. SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**

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

## **OTHER INDEPENDENT AUDITOR'S REPORTS**



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH STATE LAWS AND REGULATIONS**

Board of Education  
Gilroy Unified School District  
Gilroy, California

**Report on Compliance for Each State Program**

We have audited the compliance of Gilroy Unified School District (the "District") with the types of compliance requirements described in the State of California's 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2018.

**Management's Responsibility**

Compliance with the requirements of state laws and regulations is the responsibility of District's management.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State of California's 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

<u>Description</u>	<u>Procedures Performed</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time for School Districts	Yes
Instructional Materials	
General Requirements	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive Program	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below



**School Districts, County Offices of Education and Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before Schools Education and Safety Program	
General requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Fund	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No, see below

**Charter Schools**

<b>Description</b>	<b>Procedures Performed</b>
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform any procedures for Independent Study because ADA for this program is below the materiality threshold.

We did not perform any procedures related to Juvenile Court Schools, Early Retirement Incentive Program, Apprenticeship: Related and Supplemental Instruction and Independent Study-Course Based because the District did not offer these programs.

We did not perform procedures related to Before School requirements for the After/Before Schools Education and Safety Program because the District’s before school program was not funded with After/Before School Education and Safety funding.

We did not perform any procedures related to Attendance Reporting for Charter Schools, Mode of Instruction for Charter Schools, Nonclassroom-Based Instruction/Independent Study for Charter Schools, Determination of Funding for Nonclassroom-Based Instruction for Charter Schools, Annual Instructional Minutes-Classroom Based for Charter Schools, and Charter School Facility Grant Program because the District did not have any charter schools.

**Opinion**

***Basis for Qualified Opinion on Compliance with State Laws and Regulations***

As described in Finding **2018-2** in the accompanying Schedule of Audit Findings and Questioned Costs, Gilroy Unified School District did not comply with requirements regarding School Accountability Report Card. Compliance with such requirements is necessary, in our opinion, for Gilroy Unified School District to comply with state laws and regulations applicable to these programs.

***Qualified Opinion on Compliance with State Laws and Regulations***

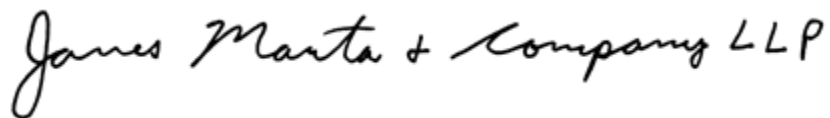
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Gilroy Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2018.

***Unmodified Opinion on Each of the Other State Programs***

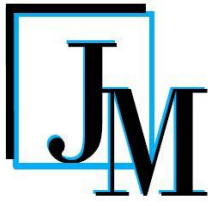
In our opinion, Gilroy Unified School District complied, in all material respects, with the other applicable state compliance requirements referred to above for the year ended June 30, 2018.

**Other Matters**

Gilroy Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 19, 2018



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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**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***

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Gilroy Unified School District  
Gilroy, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gilroy Unified School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to be significant deficiencies: **2018-1**.

## **Compliance and Other Matters**

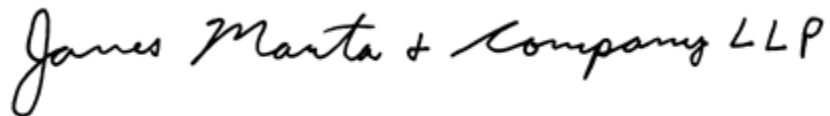
As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding **2018-2**.

### **Gilroy Unified School District's Response to Findings**

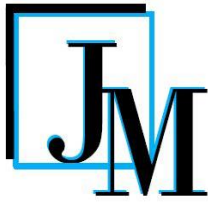
The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 19, 2018



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Gilroy Unified School District  
Gilroy, California

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

## Opinion on Each Major Federal Program

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

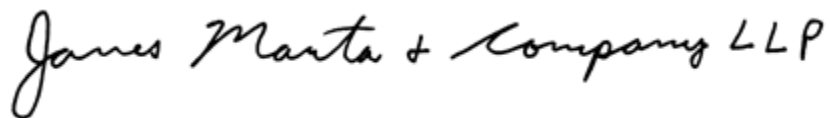
## Internal Control Over Compliance

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

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

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

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



James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
November 19, 2018

## **FINDINGS AND RECOMMENDATIONS**

**GILROY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:  
*Summary of Opinions*

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Major Funds	Unmodified
Aggregate Remaining Fund Information	Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ Yes      X   No  
 Significant deficiency(ies) identified not  
 considered to be material weakness(es)?   X   Yes    \_\_\_\_\_ None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

**Federal Awards**

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

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ Yes      X   No  
 Significant deficiency(ies) identified not  
 considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Any audit findings disclosed that are required to  
 be reported in accordance with the Uniform  
 Guidance, Section 200.516(a)? \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Cluster
84.010	Title I, Part A

Dollar threshold used to distinguish between  
 Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No



**GILROY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**State Awards**

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

Qualified

Internal control over state programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified not  
considered to be material weaknesses?

  X   Yes    \_\_\_\_\_ None reported

**GILROY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**Section II – Financial Statement Findings**

**2018-1: Internal Control 30000 - Associate Student Body**

**Criteria:**

Education Code Section 48930 (and the California Department of Education’s “Accounting Procedures for Student Organizations Handbook”) requires student body organizations to follow the regulations set by the Governing Board of the school district.

- All deposits should be made to the bank in a timely manner.

**Condition:**

At Christopher High School we noted receipts for the Senior Dinner Dance were kept for more than a week before they were deposited.

**Cause:**

The policies and procedures for account and cash handling procedures, as outlined by the California Department of Education, were not properly implemented by the school site personnel.

**Effect:**

Untimely deposits lead to increased risk of receipts being misplaced or misappropriated.

**Recommendations:**

All revenues received by the ASB should be deposited in a timely manner.

**Corrective Action Plan:**

Management will request monthly reconciliation be sent to the district office on a monthly basis. During this time, management will require that deposits are made in a timely manner. They will be required to make deposits every week.

**GILROY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**Section III – Federal Award Findings and Questioned Costs**

No matters were noted.

**GILROY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**Section IV – State Award Findings and Questioned Costs**

**2018-2 School Accountability Report Card (SARC) (72000)**

**Criteria:**

The information on safety, cleanliness and adequacy of school facilities contained in the School Accountability Report Card (SARC) should be consistent with the information indicated in the “Facility Inspection Tool (FIT), School Facility Conditions Evaluation” developed by the Office of Public School Construction and approved by the State Allocation Board, as per Education Code Sections 33126(b)(8).

**Condition:**

For one school site tested, the reports on school site conditions in the SARC were not consistent with the FIT. Interior surfaces were listed as in “good” condition on the SARC and “Fair” condition on the FIT form. Determined that repairs were made, but not until after the SARC was submitted.

**Cause:**

There was insufficient review process to identify inconsistencies in the School Accountability Report Cards to ensure completeness and accuracy.

**Effect:**

Repairs and maintenance may not occur at the school sites as needed.

**Recommendations:**

It is recommended that management ensures oversight and a process of review of the School Accountability Report Cards to ensure they are complete and accurate.

**Corrective Action Plan**

The District will implement appropriate review and oversight of the School Accountability Report Cards for all sites to ensure they are consistent with the Facility Inspection Tool.

**GILROY UNIFIED SCHOOL DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**2017-1 Fiduciary Assets – Foundation Fund (30000) – Material Weakness**

Condition:

We were unable to confirm the balance of assets in the foundation fund as of June 30, 2017. In addition, the nonprofit foundation that holds the funds could not provide an independent audit report that displays a schedule of funds held in trust as of June 30, 2017.

Effect:

We were unable to independently verify amounts held in trust.

Recommendation:

To properly safeguard assets and provide accountability we suggest that cash and investments be held in the County Treasury, a bank or an independent custodian. We recommend the Superintendent of Business Services review and consider these options.

Status:

Implemented.

**GILROY UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**2017-2 Deficiency – Continuation Education (40000)**

Condition:

The District reported 17.568 of P2 independent study ADA generated within the continuation education program (excluding pregnant pupils and pupils with children), .406 in excess of the allowable cap of 17.162 P2 ADA.

Effect:

The District was not in compliance with Education Code section 51745(b).

Recommendation:

The District should implement a process of review to ensure independent study ADA generated within the continuation education program is below the allowable cap.

Status:

Implemented.

**GILROY UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

---

**2017-3 School Accountability Report Card (SARC) (72000)**

Condition:

The 2015-16 School Accountability Report Cards (SARCs) for all sites within the District were not published and submitted California Department of Education prior to the February 1, 2017 deadline.

Effect:

SARCs are intended to provide the public with important information about each public school and communicate a school's progress in achieving its goals. As the SARCs were not published or submitted in a timely manner, the public may not be informed of the performance of schools within the District.

Recommendation:

It is recommended that management ensures oversight and a process of review of the SARCs to ensure submission prior to the February 1 deadline.

Status:

Partially implemented, see finding **2018-2**.

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**APPENDIX C**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

*Upon issuance and delivery of the Refunding Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Refunding Bonds in substantially the following form:*

[Date of Delivery]

Gilroy Unified School District  
Gilroy, California

Gilroy Unified School District  
(Santa Clara County, California)  
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Gilroy Unified School District (the “District”), which is located in the County of Gilroy (the “County”), in connection with the issuance by the District of \$124,165,000 aggregate principal amount of Gilroy Unified School District (Santa Clara County, California) General Obligation Refunding Bonds, Series 2019 (Federally Taxable) (the “Refunding Bonds”), pursuant to a resolution of the Board of Education of the District adopted on October 3, 2019 (the “Resolution”). Capitalized undefined terms used herein have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution, certificates of the District, the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Refunding Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Refunding Bonds and the Resolution and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable

principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts or counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated October 8, 2019, or other offering material relating to the Refunding Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Refunding Bonds constitute valid and binding obligations of the District.
2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.
3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Refunding Bonds and the interest thereon.
4. Interest on the Refunding Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Refunding Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

**THIS CONTINUING DISCLOSURE CERTIFICATE** (this “Disclosure Certificate”) is executed and delivered by the Gilroy Unified School District (the “District”) in connection with the issuance of \$124,165,000 aggregate principal amount of Gilroy Unified School District (Santa Clara County, California) General Obligation Refunding Bonds, Series 2019 (Federally Taxable) (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of Education of the District on October 3, 2019 (the “Resolution”). The District covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean 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 a written acceptance of such designation.

“Financial Obligation” shall mean, for the purposes of the Listed Events set out in Section 5(a)(x) and 5(b)(viii), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated October 8, 2019 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

“Participating Underwriter” shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

**Section 3. Provision of Annual Reports.** (a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (which due date shall be April 1 of each year, so long as the District’s fiscal year ends on June 30), commencing with the report for the 2018-19 Fiscal Year (which is due not later than April 1, 2020), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; 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 to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

**Section 4. Content of Annual Reports.** The District’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) The adopted budget of the District for the then current fiscal year.

(ii) Assessed value of taxable property in the District for the then-current fiscal year as shown on the most recent equalized assessment role.

(iii) If the County of Santa Clara (the “County”) no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year.

(iv) Top ten property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value, if provided by the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB’s website. The District shall clearly identify each such other document so included by reference.

**Section 5. Reporting of Significant Events.** (a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers or their failure to perform;
- (v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes;
- (ix) bankruptcy, insolvency, receivership or similar event of the District; or
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and

officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) unless described in paragraph 5(a)(v), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) modifications to rights of Bond Holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) non-payment related defaults;

(vi) 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;

(vii) appointment of a successor or additional paying agent or the change of name of a paying agent; or

(viii) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bond holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3 hereof, as provided in Section 3(b) hereof.

(d) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the District determines would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(e) The District intends to comply with the Listed Events described in subsection (a)(x) and subsection (b)(viii), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

**Section 6. Format for Filings with MSRB.** Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is 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 a filing with the MSRB.

**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 such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Isom Advisors, a division of Urban Futures, Inc..

**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 Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, 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 the District with respect to the Bonds, or the type of business conducted;

(b) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by the Holders in the same manner as 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.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 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 required to be filed pursuant to this Disclosure Certificate, 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 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 or any other event required to be reported.

**Section 11. Default.** In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an event of default under the 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.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and (if the Dissemination Agent is other than the District), the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**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.

Dated: October 31, 2019

**GILROY UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_

ACCEPTED AND AGREED TO:

**ISOM ADVISORS, A DIVISION OF  
URBAN FUTURES, INC., as Dissemination  
Agent**

By: \_\_\_\_\_  
Authorized Signatory



**EXHIBIT A**

**NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: **GILROY UNIFIED SCHOOL DISTRICT**

Name of Issue: Gilroy Unified School District (Santa Clara County, California)  
General Obligation Refunding Bonds, Series 2019 (Federally Taxable)

Date of Issuance: October 31, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated October 31, 2019. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

**GILROY UNIFIED SCHOOL DISTRICT**

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## APPENDIX E

### THE SANTA CLARA COUNTY POOLED SURPLUS INVESTMENTS

*The following information has been supplied by the County of Santa Clara (the "County") Treasurer and Tax Collector (the "Treasurer"). Neither the District nor the Underwriter can make any representations regarding the accuracy and completeness of the information. The full Monthly Investment Report is available from the Treasurer.*

*Neither the District nor the Underwriter has made an independent investigation of the investments in the Treasury Pool or an assessment of the current Investment Policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the County may change the Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein.*

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# Quarterly Investment Report

June 30, 2019

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### Quarterly Investment Report Table of Contents

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Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Susan Ellenberg, S. Joseph Simitian

County Executive: Jeffrey V. Smith



## Santa Clara County Commingled Pool and Segregated Investments

June 30, 2019

Fund	Cost Value**	Market Value	Variance	% Variance
Commingled Investment Pool	\$8,564,901,892	\$8,588,362,464	\$23,460,572	0.27%
Worker's Compensation	\$28,864,161	\$29,138,699	\$274,538	0.95%
Park Charter Fund	\$4,251,185	\$4,285,156	\$33,971	0.80%
San Jose-Evergreen	\$17,178,643	\$17,191,225	\$12,582	0.07%
Medical Malpractice Insurance Fund (1)	\$9,374,782	\$9,457,199	\$82,417	0.88%
<b>Total</b>	<b>\$8,624,570,662</b>	<b>\$8,648,434,743</b>	<b>\$23,864,081</b>	<b>0.28%</b>

(1) Managed by Chandler Asset Management, Inc.

### Summary of Yields\* for Select Santa Clara County Investment Funds

Fund	2019			2018
	<u>Apr 30</u>	<u>May 31</u>	<u>Jun 30</u>	<u>Jun 30</u>
Commingled Investment Pool	2.28%	2.29%	2.27%	1.79%
Worker's Compensation	2.94%	2.38%	2.37%	1.67%
<b>Weighted Yield</b>	<b>2.28%</b>	<b>2.29%</b>	<b>2.27%</b>	<b>1.79%</b>

\*Yield to maturity (YTM) is the rate of return paid on a bond, note, or other fixed income security if the investor buys and holds it to its maturity date and if the coupon interest paid over the life of the bond is reinvested at the same rate as the coupon rate. The calculation for YTM is based on the coupon rate, length of time to maturity, and market price at time of purchase.

Yield is a snapshot measure of the yield of the portfolio on the day it was measured based on the current portfolio holdings on that day. This is not a measure of total return, and is not intended to be, since it does not factor in unrealized capital gains and losses and reinvestment rates are dependent upon interest rate changes

\*\*Cost Value is the amortized book value of the securities as of the date of this report.



## Santa Clara County Commingled Pool and Segregated Investments

### Portfolio Strategy

June 30, 2019

Escalating trade tensions, so far, have not seriously hindered the U.S. domestic economy. Consumer strength continues to support the economy bolstered by a strong labor market and steady wage growth. With current unemployment at 3.7 percent, the lowest since 1969, the U.S. by most measures is at or very close to full employment. In June, U.S. retail sales and factory output exceeded expectations and underscored steady economic growth. Most of the slowing in world growth is coming from outside of the U.S., those economies not resilient enough to withstand headwinds from tariff disputes between the U.S. and China.

Insulated from global trade frictions, domestic service sectors including health care, finance and education remain solidly in expansion mode. U.S. manufacturing and factory output, while still expanding, has decelerated in the past year. New and proposed tariffs have forced domestic producers to contemplate alternative supply chains through other low wage countries, impacting production. But more importantly, the uncertainty over resolution of current trade spats have delayed big spending decisions including capital expenditures and eroded business sentiment. Of note, other issues have also weighed on American manufacturers including the strength of the dollar which has made domestic goods less competitive abroad.

In June 2019, President Donald Trump decided, pending upcoming negotiations, to temporarily hold off imposing higher tariffs on \$300 billion of imported goods from China, the world's second largest economy. Since the onset of this trade dispute, the U.S. had previously increased tariffs by 25 percent on approximately half of all Chinese exports to the U.S.

Evidence of slower growth has been found in widespread weakness in manufacturing and factory output contraction from Europe to Asia. Tariffs have been a heavy burden on China's export sector. In the April-June period, China's economy slowed to the weakest pace since quarterly data began in 1992. Germany with close to 50 percent of its gross domestic product (GDP) coming from exports (mostly autos), is on the verge of a recession, a circumstance exacerbated by U.S. tariffs and faltering global trade. Waning demand for electronics is affecting an industry vital to numerous Asian economies who are export dependent. South Korean exports now have fallen 13.5 percent over the past year.





## Santa Clara County Commingled Pool and Segregated Investments

### Portfolio Strategy

June 30, 2019

By reducing interest rates, the Fed would also be bringing U.S. bond yields into closer alignment with bond yields in other sovereign debt markets. They are substantially lower than in the U.S., and even in some cases, below zero. The United Kingdom 10-year note is around multi-year lows at 81 basis points while the German benchmark yield has pushed significantly below zero and currently yields – 36 basis points. In contrast, as of June 30, 2019, the U.S. Treasury ten-year and two-year note yielded 2 percent and 1.756 percent, respectively. Bloomberg L.P, a provider of financial markets news and data estimates that the current global stockpile of negative yielding debt is approximately \$13 trillion.

The portfolio strategy continues to focus on the:

- (1) acquisition of high-quality issuers;
- (2) identifying and selecting bonds with attractive valuations;
- (3) appropriately sizing the liquidity portion of the portfolio to ensure adequate cash for near term obligations; and
- (4) ensuring that monies targeted for longer term investments are deployed in vehicles with favorable risk-adjusted yields.

Broker-dealers have generally down-sized the amount of securities carried in inventories in response to risk-curbing rules crafted after the 2008 financial crisis. These risk curbing rules include the international regulatory framework for banks called Basel III and the U.S. 2010 Dodd-Frank Law. The Treasury Division has increased its capability to review a larger volume of inventory listings to find attractive bonds. Portfolio structuring does not solely rely on interest rate anticipation strategies, which primarily speculate on the direction of interest rates to earn favorable returns.



# Santa Clara County Commingled Pool and Segregated Investments

## Portfolio Compliance, Review, and Monitoring

June 30, 2019

### **Yield and Weighted Average Maturity**

The yield of the Commingled Pool is 2.27 and the weighted average life is 436 days.

### **Compliance**

The County Treasurer believes the Commingled Pool contains sufficient cash flow from liquid and maturing securities, bank deposits and incoming cash to meet the next six months of expected expenditures.

### **Review and Monitoring**

FTN Financial Main Street Advisors, the County's investment advisor, currently monitors the Treasury Department's investment activities.

### **Additional Information**

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

The market values of securities were taken from pricing services provided by the Bank of New York Mellon, Bloomberg Analytics, dealer quotes, and an independent pricing service.

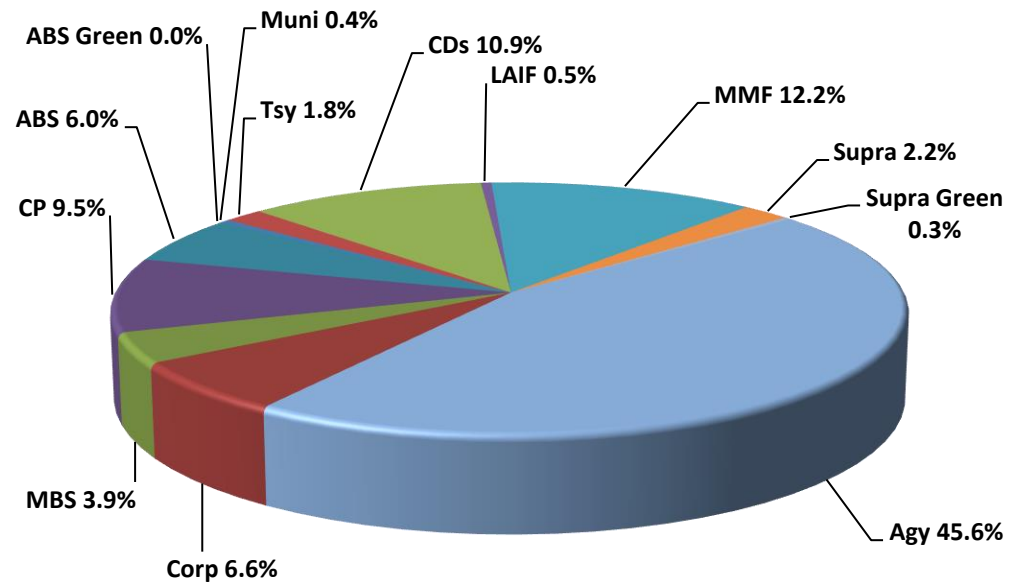


## Santa Clara County Commingled Pool

### Allocation by Security Types

June 30, 2019

Sector	6/30/2019	3/31/2019	% Chng
Federal Agencies	45.58%	53.97%	-8.4%
Corporate Bonds	6.62%	6.81%	-0.2%
Mortgage Backed Securities	3.90%	4.03%	-0.1%
Commercial Paper	9.47%	4.02%	5.4%
ABS	6.04%	6.90%	-0.9%
ABS Green Bonds	0.00%	0.01%	0.0%
Municipal Securities	0.40%	0.53%	-0.1%
U.S. Treasuries	1.81%	1.95%	-0.1%
Negotiable CDs	10.92%	13.43%	-2.5%
LAIF	0.49%	0.58%	-0.1%
Money Market Funds	12.24%	5.05%	7.2%
Supranationals	2.25%	2.38%	-0.1%
Supranationals Green Bonds	0.29%	0.35%	-0.1%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	



Sector	6/30/2019	3/31/2019
Federal Agencies	3,903,465,859	3,858,898,880
Corporate Bonds	567,061,231	487,053,767
Mortgage Backed Securities	334,163,847	287,861,462
Commercial Paper	811,221,473	287,618,194
ABS	517,437,678	493,457,483
ABS Green Bonds	36,538	516,634
Municipal Securities	34,436,493	37,693,061
U.S. Treasuries	154,865,330	139,576,407
Negotiable CDs	935,000,000	960,000,000
LAIF	41,780,631	41,520,182
Money Market Funds	1,048,124,051	361,362,983
Supranational	192,308,761	170,121,967
Supranationals Green Bonds	25,000,000	25,000,000
<b>Total</b>	<b>8,564,901,892</b>	<b>7,150,681,019</b>

Amounts are based on book value

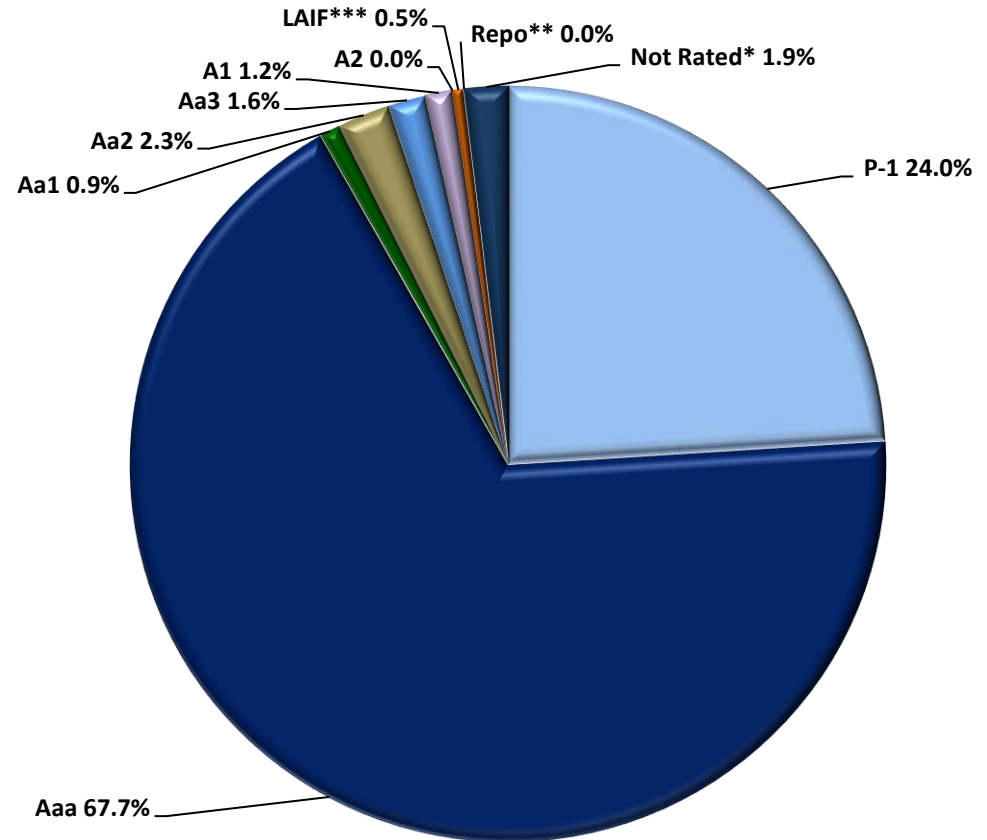


## Santa Clara County Commingled Pool

### Allocation by Ratings

June 30, 2019

Moody's Rating	Portfolio \$	Portfolio %
P-1	2,056,219,442	24.0%
Aaa	5,800,759,441	67.7%
Aa1	74,981,917	0.9%
Aa2	193,780,975	2.3%
Aa3	136,535,047	1.6%
A1	100,022,515	1.2%
A2	-	0.0%
A3	-	0.0%
LAIF***	41,780,631	0.5%
Repo**	-	0.0%
Not Rated*	160,821,924	1.9%
<b>Total</b>	<b>8,564,901,892</b>	<b>100.0%</b>



\*Not Rated by Moody's but A-1+ by S&P

\*\*Repurchase Agreements are not rated, but are collateralized by U.S. Treasury securities or securities issued by the Federal Agencies of the U.S.

\*\*\*LAIF is not rated, but is comprised of State Code allowable securities

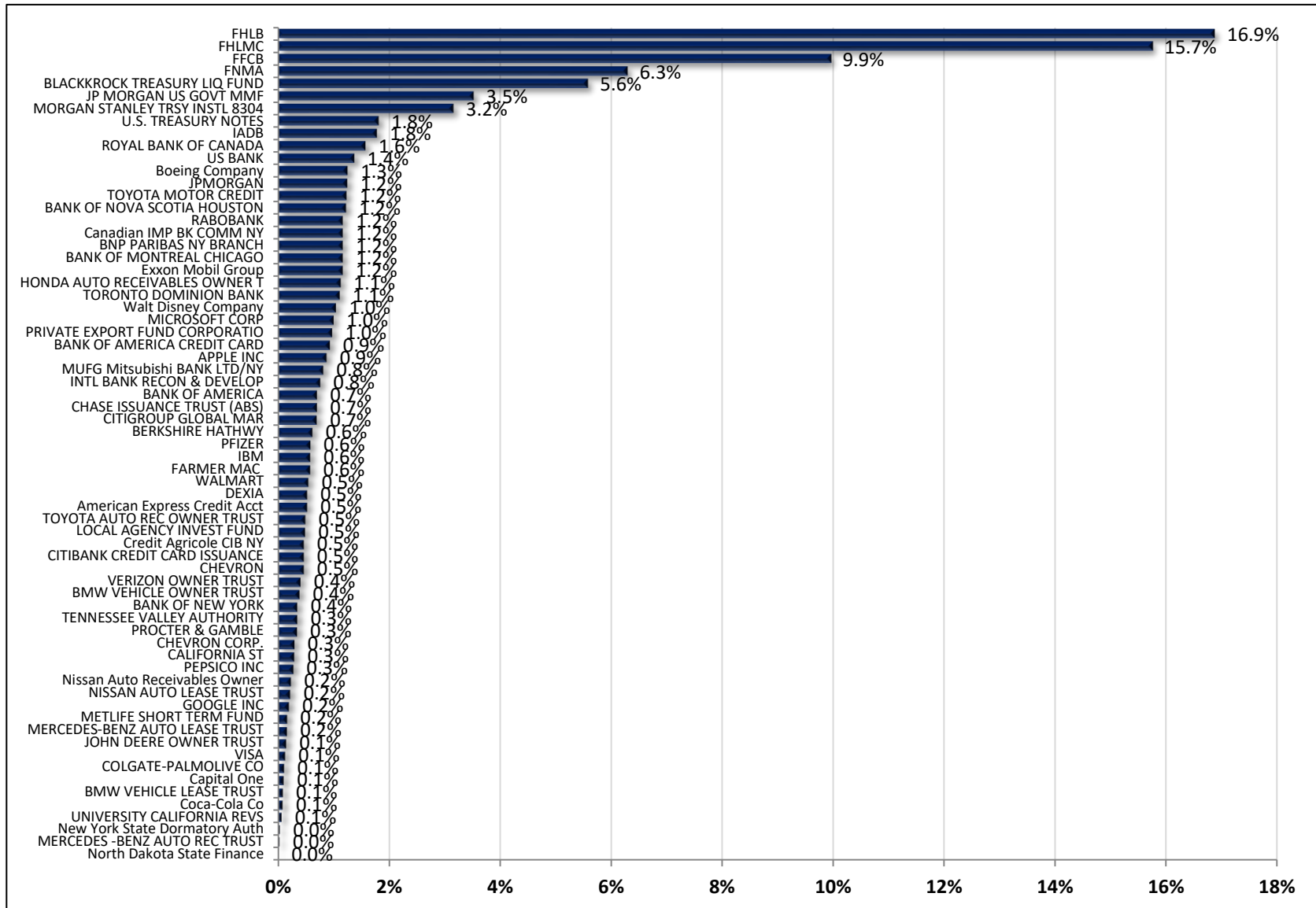
Amounts are based on book values



## Santa Clara County Commingled Pool

### Holdings by Issuer - Percent of Commingled Pool

June 30, 2019



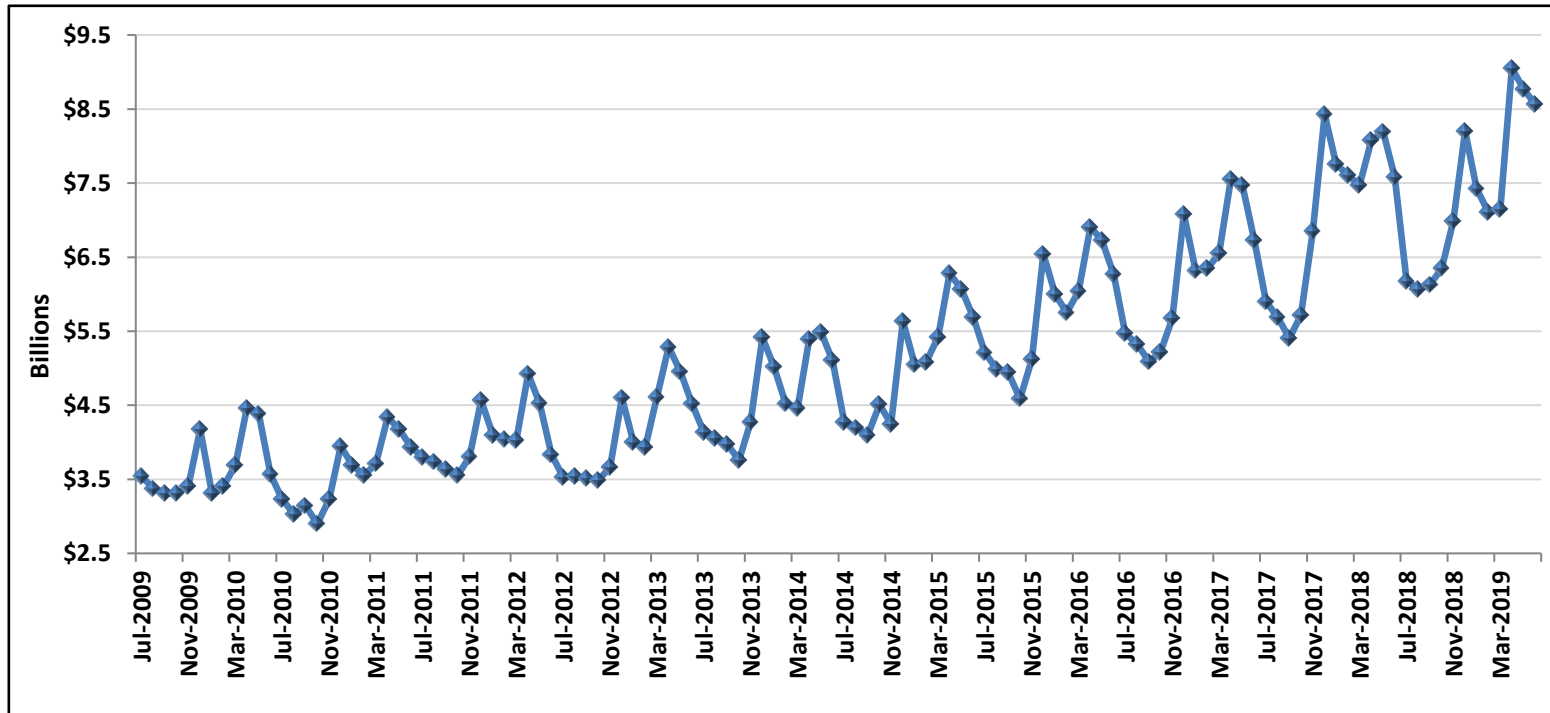
Amounts are based on book values



## Santa Clara County Commingled Pool

### Historical Month End Book Values

June 30, 2019



Fiscal Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2010	\$3.541	\$3.373	\$3.307	\$3.307	\$3.408	\$4.175	\$3.307	\$3.408	\$3.687	\$4.463	\$4.384	\$3.536
FY 2011	\$3.230	\$3.032	\$3.143	\$2.898	\$3.227	\$3.943	\$3.695	\$3.551	\$3.712	\$4.339	\$4.179	\$3.935
FY 2012	\$3.801	\$3.736	\$3.637	\$3.555	\$3.805	\$4.567	\$4.097	\$4.040	\$4.032	\$4.926	\$4.525	\$3.833
FY 2013	\$3.508	\$3.517	\$3.515	\$3.469	\$3.645	\$4.600	\$3.918	\$3.982	\$4.606	\$5.286	\$4.952	\$4.521
FY 2014	\$4.133	\$4.052	\$3.975	\$3.758	\$4.271	\$5.419	\$5.019	\$4.520	\$4.461	\$5.386	\$5.487	\$5.108
FY 2015	\$4.267	\$4.194	\$4.096	\$4.051	\$4.247	\$5.639	\$5.045	\$5.085	\$5.420	\$6.284	\$6.065	\$5.690
FY 2016	\$5.212	\$4.990	\$4.941	\$4.587	\$5.120	\$6.543	\$5.997	\$5.752	\$6.040	\$6.911	\$6.728	\$6.263
FY 2017	\$5.469	\$5.328	\$5.088	\$5.220	\$5.671	\$7.082	\$6.319	\$6.348	\$6.550	\$7.556	\$7.469	\$6.730
FY 2018	\$5.898	\$5.689	\$5.408	\$5.720	\$6.850	\$8.427	\$7.754	\$7.608	\$7.472	\$8.079	\$8.192	\$7.584
FY 2019	\$6.180	\$6.068	\$6.127	\$6.350	\$6.987	\$8.199	\$7.425	\$7.105	\$7.151	\$9.054	\$8.767	\$8.565

Amounts in billions

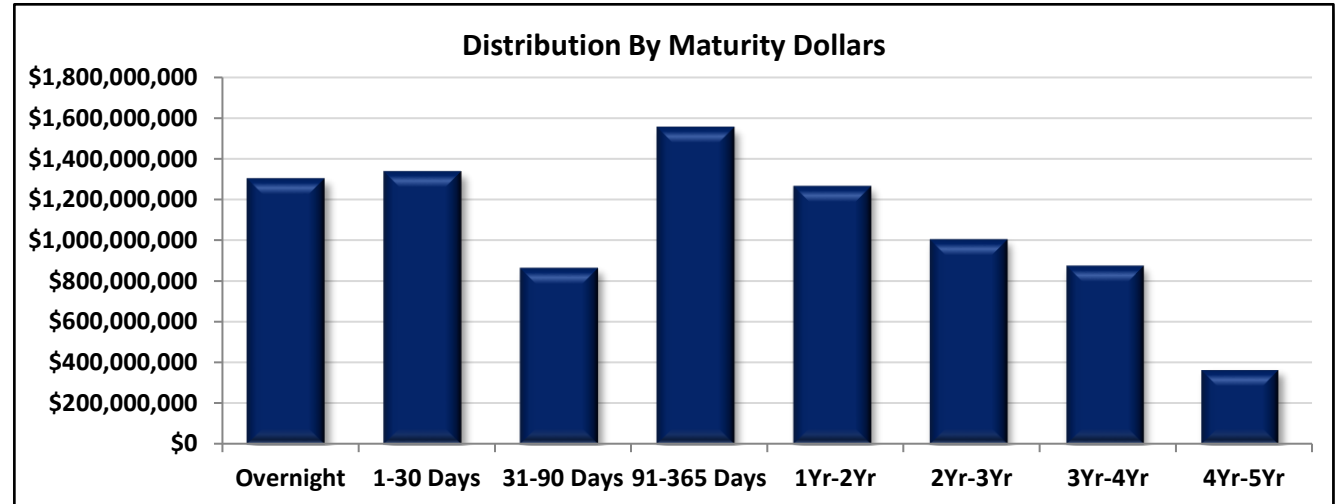


## Santa Clara County Commingled Pool

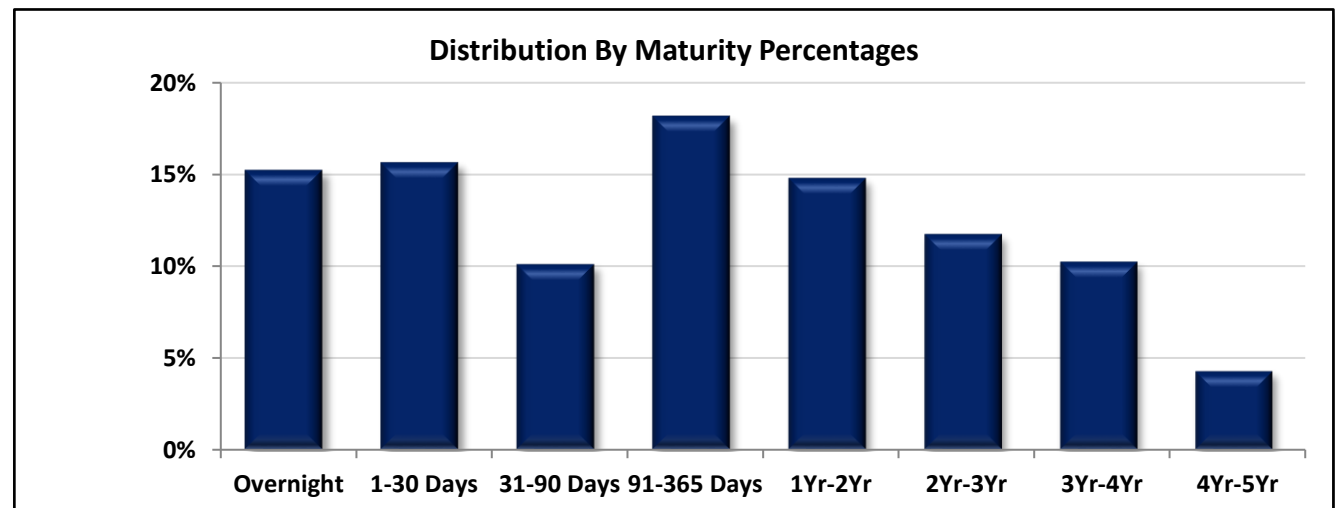
### Distribution by Maturity

June 30, 2019

Maturity	Amount*
Overnight	1,302,904,682
1-30 Days	1,337,512,644
31-90 Days	863,211,086
91-365 Days	1,554,531,312
1Yr-2Yr	1,264,662,326
2Yr-3Yr	1,003,045,780
3Yr-4Yr	874,967,917
4Yr-5Yr	364,066,145
	8,564,901,892



Maturity	Amount*
Overnight	15.21%
1-30 Days	15.62%
31-90 Days	10.08%
91-365 Days	18.15%
1Yr-2Yr	14.77%
2Yr-3Yr	11.71%
3Yr-4Yr	10.22%
4Yr-5Yr	4.25%
	100.00%



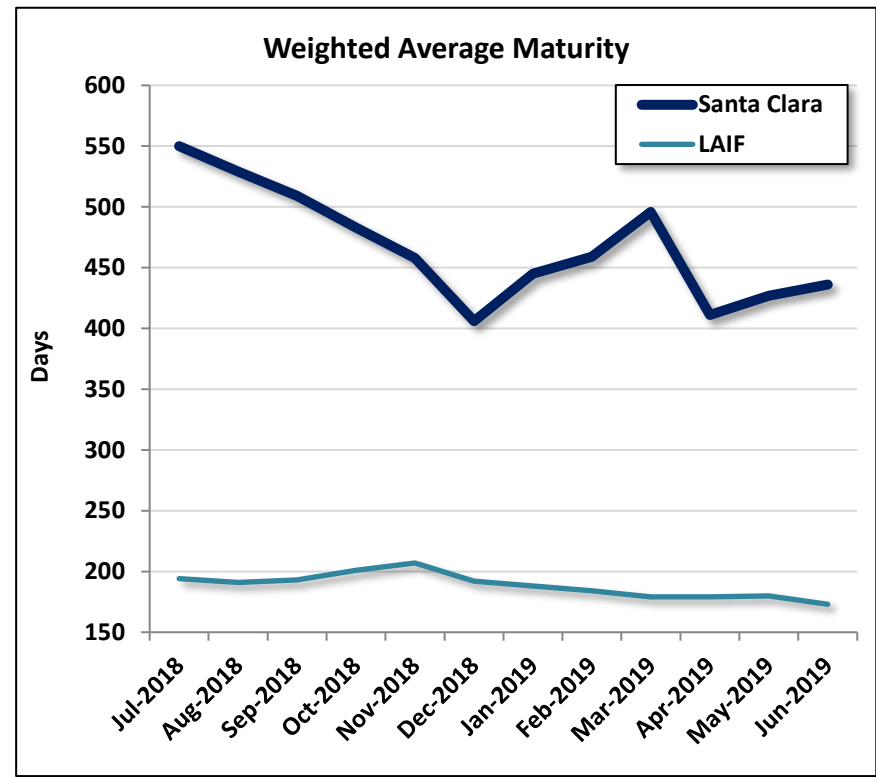
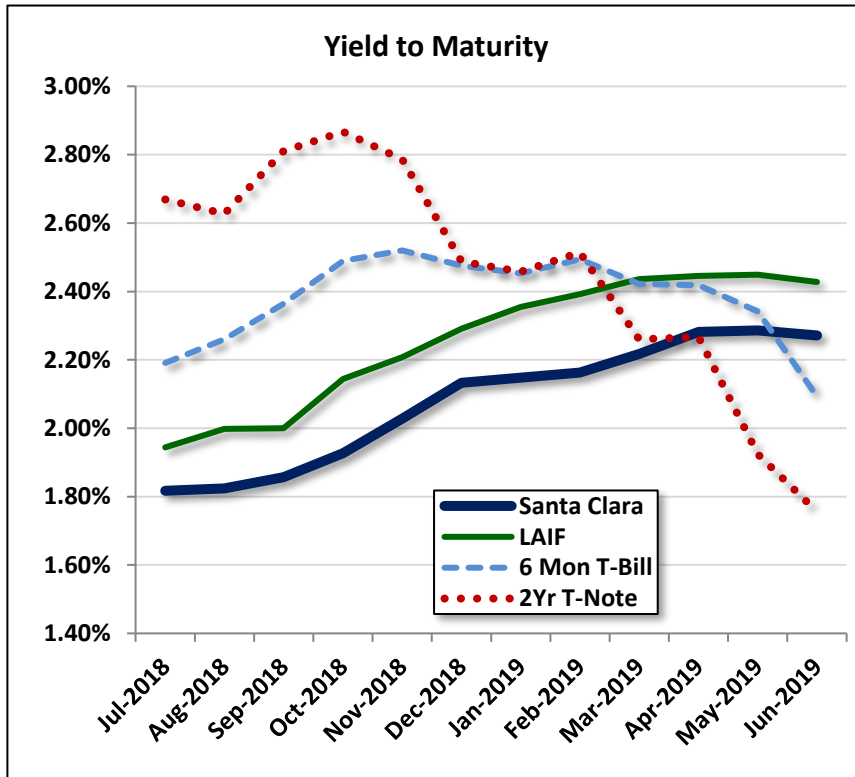
\*Amounts are based on book value



## Santa Clara County Commingled Pool

### Yield to Maturity and Weighted Average Maturity

June 30, 2019



Item	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
SCC YTM	1.82%	1.82%	1.86%	1.93%	2.03%	2.13%	2.15%	2.16%	2.22%	2.28%	2.29%	2.27%
LAIF YTM	1.94%	2.00%	2.00%	2.14%	2.21%	2.29%	2.36%	2.39%	2.44%	2.45%	2.45%	2.43%
6 Mon T-Bill	2.19%	2.26%	2.36%	2.49%	2.52%	2.48%	2.45%	2.49%	2.42%	2.42%	2.34%	2.09%
2Yr T-Note	2.67%	2.63%	2.81%	2.87%	2.79%	2.49%	2.46%	2.51%	2.26%	2.27%	1.92%	1.76%
SCC WAM	550	529	509	483	458	406	445	459	496	411	427	436
LAIF WAM	194	191	193	201	207	192	188	184	179	179	180	173





## Santa Clara County

### Approved Issuers and Broker/Dealers

June 30, 2019

#### Direct Commercial Paper Issuers

Toyota Motor Credit  
US Bank, NA  
Dexia Credit Local, NY

#### Broker/Dealers

Academy Securities, Inc  
Bank of America Merrill Lynch  
Barclays Capital, Inc  
BMO Capital Markets  
BNP Paribas Securities Corp  
BNY Mellon Capital Markets, LLC  
BOK Financial Securities (Bank of Oklahoma)  
Brean Capital LLC  
Cantor Fitzgerald & Co  
Citigroup Global Markets Inc  
Daiwa Capital Markets America Inc  
Deutsche Bank Securities Inc  
FTN Financial Capital Markets  
Incapital LLC  
Jefferies & Co  
JP Morgan Securities, Inc  
Keybanc Capital Markets, Inc  
Loop Capital Markets LLC  
Mizuho Securities USA, Inc  
MUFG Securities USA LLC  
Raymond James, Inc.  
RBC Capital Markets, Inc  
UBS Financial Serviec Inc  
Vining Sparks LP  
Williams Capital

**Santa Clara County Commingled Pool**  
**Compliance with Investment Policy**  
**June 30, 2019**



Item/Sector	Parameters	In Compliance
Maturity	Weighted Average Maturity (WAM) must be less than 24 months	Yes
Interest Periods	Securities must pay interest within one year of the initial investment and at least semiannually in subsequent years	Yes
Investment Swaps	Similar maturity swaps, so as not to affect cash flow needs, should have minimum 5 basis point gain	Yes
Issuer Limits	No more than 5% of the portfolio shall be invested in aggregate of any single institution of the following types: Bankers Acceptances, CP, Negotiable CDs, and Corporate Notes	Yes
U.S. Treasuries	No sector limit, no issuer limit, max maturity 5 years	Yes
U.S. Federal Agencies	No sector limit, no issuer limit, max maturity 5 years	Yes
LAIF	No sector limit, no issuer limit, CA State's deposit limit \$65 million	Yes
Repurchase Agreements	No sector limit, no Issuer limit, max maturity 92 days, treasury and agency collateral at 102% of investment, if maturity exceeds 15 days, must be collateralized by securities with 5 years or less maturities	Yes
Commercial Paper	Sector limit 40%, issuer limit 5%, max maturity 270 days, rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), issued by domestic corporation w/ at least \$500 mil of assets, and long term debt rated by at least two: AA- (S&P/Fitch)/Aa3 (Moody's)	Yes
Corporate Bonds	Sector limit 30%, issuer limit 5%, max maturity 5 years, rated by at least two: AA- (S&P/Fitch)/Aa3 (Moody's), issued by domestic corps/depositories	Yes
Money Market Funds	Sector limit 20%, issuer limit 10%, rated by at least two: AAA-m (S&P/Fitch)/Aaa-mf (Moody's), MMF has at least \$500 mil managed	Yes
Negotiable Certificates of Deposit	Sector limit 30%, issuer limit 5%, max maturity 5 years, if under 1 year rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), if greater than 1 year rated by at least two: AA- (S&P/Fitch)/Aa3 (Moody's)	Yes
Municipal Securities	Sector limit 10%, no issuer limit, State of CA, local CA agencies, and other municipal securities of the other 49 states, if long-term rated, then by at least two: A- (S&P/Fitch)/A3 (Moody's), if short-term rated, then by at least two: SP-1 (S&P), MIG-1 (Moody's), F-1 (Fitch), revenue based bonds payable solely out of the States' or local agencies' revenues	Yes
Mortgage-Backed Securities	Sector limit 20% in aggregate with ABS, no issuer limit, max maturity 5 years, collateralized by pools of conforming residential mortgage loans insured by FHLMC/FNMA and residential mortgages guaranteed by FHA (GNMA)	Yes
Asset-Backed Securities	Sector limit 20% in aggregate with ABS, no issuer limit, max maturity 5 years, collateralized by pools of loans such as installment/receivables, security must be rated by at least two: AA- (S&P/Fitch), Aa3 (Moody's), issuer rated by at least two: A- (S&P/Fitch), A3 (Moody's)	Yes
Supranational Debt Obligations	Sector limit 10%, max maturity 5 years, issued or unconditionally guaranteed by the IBRD, rated by at least two: AAA (S&P/Fitch), Aaa (Moody's)	Yes
Bankers' Acceptances	Sector limit 40%, issuer limit 5%, max maturity 180 days, rated by at least two: A-1 (S&P), P-1 (Moody's), F-1 (Fitch), issued by commercial banks , collateral must exceed market value of security by 2%	Yes, None in Portfolio
Securities Lending	Sector limit 20%, max maturity 92 days for loans and reinvestment, loan counterparty must be a primary dealer, loaned securities must be owned for at least 30 days	Yes, None in Portfolio



## Santa Clara County Commingled Pool

### Allocation by Security Types

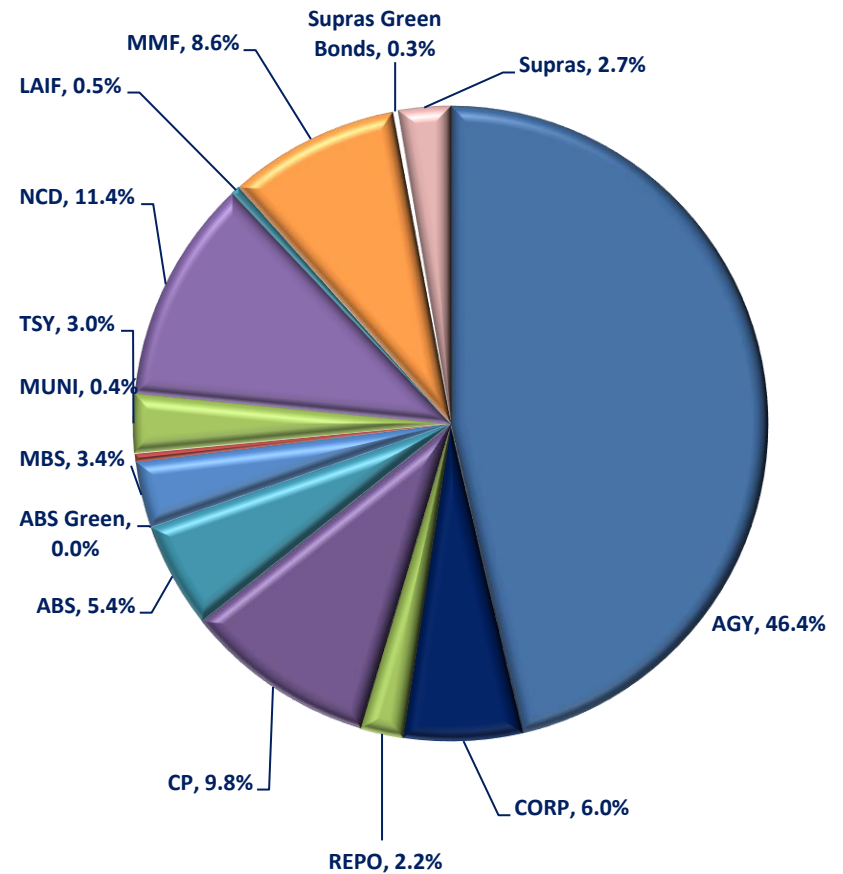
For the Month Ended April 30, 2019

<b>Average Daily Balance</b>	<b>\$ 8,608,998,788.43</b>
<b>Book Yield</b>	<b>2.282%</b>
<b>Weighted Average Maturity</b>	<b>411 Days</b>

Investment Type	Par Value (Millions)	Book Value* (Millions)	Value (Millions)
Federal Agencies	\$ 4,207.81	\$ 4,204.31	\$ 4,192.72
Corporate Bonds	544.56	544.27	543.87
Repurchase Agreements	200.00	200.00	200.00
Commercial Paper	886.63	882.62	882.60
Asset-Backed Securities	485.15	485.02	485.63
Asset-Backed Sec Green Bds	0.35	0.35	0.35
Mortgage Backed Securities	304.28	304.20	305.99
Municipal Securities	37.64	37.69	37.43
U.S. Treasuries	275.00	274.23	274.17
Negotiable CDs	1,030.00	1,030.00	1,030.65
LAIF	41.78	41.78	41.78
Money Market Funds	782.30	782.30	782.30
Suprationals Green Bonds	25.00	25.00	25.01
Suprationals	242.00	242.14	241.46
<b>Total</b>	<b>\$ 9,062.50</b>	<b>\$ 9,053.89</b>	<b>\$ 9,043.97</b>

\*Represents Amortized Book Value

Asset Allocation By Market Value





## Santa Clara County Commingled Pool

### Allocation by Security Types

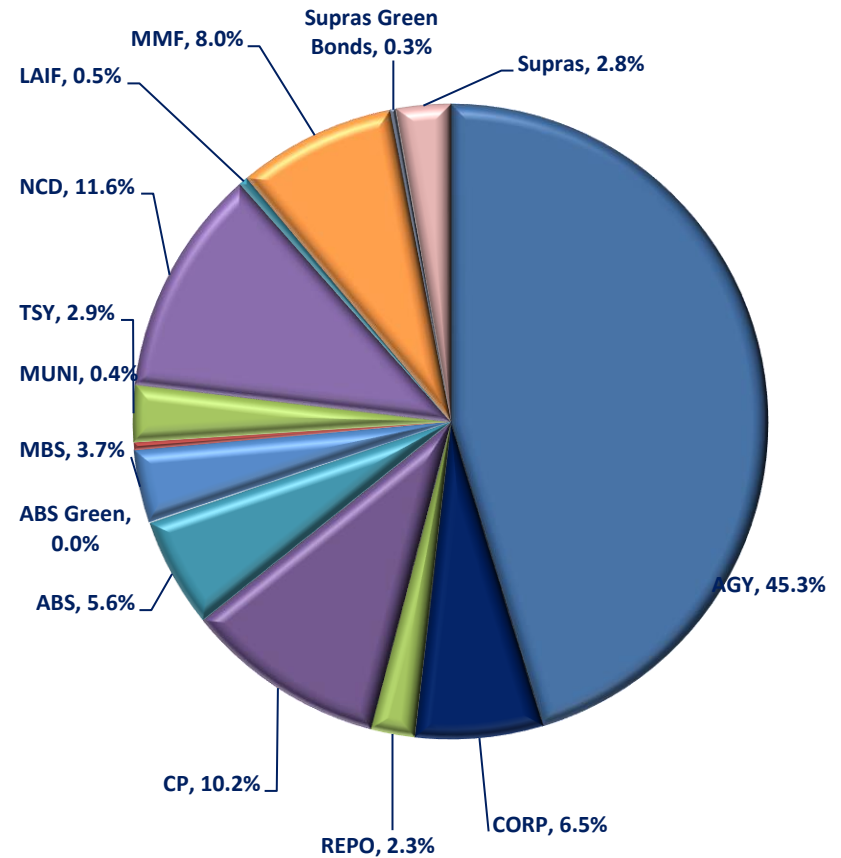
For the Month Ended May 31, 2019

<b>Average Daily Balance</b>	<b>\$ 8,920,878,183.75</b>
<b>Book Yield</b>	<b>2.286%</b>
<b>Weighted Average Maturity</b>	<b>427 Days</b>

Investment Type	Par Value (Millions)	Book Value* (Millions)	Value (Millions)
Federal Agencies	\$ 3,979.70	\$ 3,976.55	\$ 3,978.86
Corporate Bonds	567.30	567.05	568.53
Repurchase Agreements	200.00	200.00	200.00
Commercial Paper	896.63	893.52	893.21
Asset-Backed Securities	489.35	489.21	491.14
Asset-Backed Sec Green Bds	0.19	0.19	0.19
Mortgage Backed Securities	322.97	322.55	327.90
Municipal Securities	34.39	34.44	34.34
U.S. Treasuries	255.00	254.60	254.64
Negotiable CDs	1,015.00	1,015.00	1,015.55
LAIF	41.78	41.78	41.78
Money Market Funds	704.65	704.65	704.65
Suprationals Green Bonds	25.00	25.00	25.01
Suprationals	242.00	242.23	242.09
<b>Total</b>	<b>\$ 8,773.96</b>	<b>\$ 8,766.76</b>	<b>\$ 8,777.90</b>

\*Represents Amortized Book Value

Asset Allocation By Market Value



**SANTA CLARA COUNTY INVESTMENTS**  
**Fund COMM - COMMINGLED POOL**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Negotiable CDs</b>											
06052TD80	39143	BANK OF AMERICA	01/09/2019	60,000,000.00	60,000,000.00	60,006,780.00	2.810	2.755	2.794	07/08/2019	7
06370RNQ8	38957	BANK OF MONTREAL CHICAGO	11/07/2018	50,000,000.00	50,000,000.00	50,021,500.00	2.880	2.880	2.920	07/31/2019	30
06370RRU5	39081	BANK OF MONTREAL CHICAGO	12/18/2018	50,000,000.00	50,000,000.00	50,011,000.00	2.880	2.880	2.920	07/15/2019	14
05586FGN1	38949	BNP PARIBAS NY BRANCH	11/05/2018	50,000,000.00	50,000,000.00	50,027,600.00	2.930	2.930	2.970	08/05/2019	35
05586FXA0	39304	BNP PARIBAS NY BRANCH	03/13/2019	50,000,000.00	50,000,000.00	50,192,450.00	2.690	2.690	2.727	02/21/2020	235
06417G3L0	39046	BANK OF NOVA SCOTIA HOUSTON	12/10/2018	60,000,000.00	60,000,000.00	60,006,780.00	2.880	2.880	2.920	07/08/2019	7
06417G5U8	39351	BANK OF NOVA SCOTIA HOUSTON	03/27/2019	45,000,000.00	45,000,000.00	44,996,940.00	2.580	2.580	2.615	01/17/2020	200
22535CAQ4	39008	Credit Agricole CIB NY	11/27/2018	40,000,000.00	40,000,000.00	40,043,520.00	2.980	2.980	3.021	08/26/2019	56
13606BK54	39015	Canadian IMP BK COMM NY	11/28/2018	50,000,000.00	50,000,000.00	50,052,900.00	2.970	2.970	3.011	08/26/2019	56
13606BQ33	39252	Canadian IMP BK COMM NY	02/20/2019	50,000,000.00	50,000,000.00	50,024,650.00	2.580	2.580	2.615	08/26/2019	56
25215FES9	39336	DEXIA	03/22/2019	45,000,000.00	45,000,000.00	45,010,170.00	2.550	2.550	2.585	01/22/2020	205
55379WF68	39391	MUFG Mitsubishi BANK LTD/NY	04/08/2019	50,000,000.00	50,000,000.00	50,007,950.00	2.540	2.621	2.658	07/31/2019	30
55379WF68	39392	MUFG Mitsubishi BANK LTD/NY	04/08/2019	20,000,000.00	20,000,000.00	20,003,180.00	2.540	2.621	2.658	07/31/2019	30
21685V7C7	39087	RABOBANK	12/18/2018	50,000,000.00	50,000,000.00	50,012,450.00	2.850	2.850	2.889	07/19/2019	18
21685V6U8	38984	RABOBANK	11/20/2018	50,000,000.00	50,000,000.00	50,012,300.00	2.850	2.850	2.889	07/19/2019	18
78012UGJ8	38848	ROYAL BANK OF CANADA	08/29/2018	20,000,000.00	20,000,000.00	20,000,700.00	2.630	2.630	2.666	07/05/2019	4
78012UJP1	38908	ROYAL BANK OF CANADA	10/24/2018	25,000,000.00	25,000,000.00	25,011,575.00	2.890	2.890	2.930	08/02/2019	32
78012UKV6	39045	ROYAL BANK OF CANADA	12/07/2018	45,000,000.00	45,000,000.00	45,008,280.00	2.900	2.900	2.940	07/12/2019	11
78012UMJ1	39300	ROYAL BANK OF CANADA	03/12/2019	45,000,000.00	45,000,000.00	45,102,600.00	2.640	2.640	2.676	01/13/2020	196
89114MMK0	38991	TORONTO DOMINION BANK	11/21/2018	45,000,000.00	45,000,000.00	45,033,705.00	3.000	3.000	3.041	08/16/2019	46
90333VZU7	38907	US BANK	10/24/2018	35,000,000.00	35,000,000.00	35,013,230.00	2.910	2.873	2.913	07/22/2019	21
<b>Subtotal and Average</b>				<b>935,000,000.00</b>	<b>935,000,000.00</b>	<b>935,600,260.00</b>	<b>2.795</b>	<b>2.833</b>		<b>63</b>	
<b>Mortgage Backed Securities (MBS)</b>											
3137AYCE9	38387	FHLMC Multi-Family	01/12/2018	20,157,000.00	20,000,000.00	20,389,200.00	2.682	2.443	2.477	10/25/2022	1,212
3137AYCE9	38391	FHLMC Multi-Family	01/16/2018	7,555,078.13	7,500,000.00	7,645,950.00	2.682	2.454	2.488	10/25/2022	1,212
3137AWQH1	38465	FHLMC Multi-Family	02/22/2018	5,460,553.13	5,580,000.00	5,625,543.40	2.307	3.155	3.198	08/25/2022	1,151
3137B36J2	38643	FHLMC Multi-Family	03/20/2018	20,345,312.50	20,000,000.00	20,837,182.00	3.320	2.865	2.905	02/25/2023	1,335
3137AYCE9	38666	FHLMC Multi-Family	04/17/2018	11,616,539.06	11,745,000.00	11,973,557.70	2.682	2.879	2.919	10/25/2022	1,212
3137AYCE9	38744	FHLMC Multi-Family	06/05/2018	19,788,281.25	20,000,000.00	20,389,200.00	2.682	2.877	2.917	10/25/2022	1,212
3137B4WB8	38854	FHLMC Multi-Family	09/12/2018	4,768,285.16	4,775,000.00	4,945,438.85	3.060	2.968	3.009	07/25/2023	1,485

**Fund COMM - COMMINGLED POOL**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Mortgage Backed Securities (MBS)</b>											
3137B5JM6	38864	FHLMC Multi-Family	09/25/2018	10,135,937.50	10,000,000.00	10,533,540.00	3.531	2.710	2.748	07/25/2023	1,485
3137B3NA2	38945	FHLMC Multi-Family	11/02/2018	10,605,782.00	10,605,782.00	11,032,498.21	3.250	3.173	3.217	04/25/2023	1,394
3137B5KW2	39026	FHLMC Multi-Family	12/03/2018	10,092,187.50	10,000,000.00	10,510,040.00	3.458	3.164	3.208	08/25/2023	1,516
3137FBUV6	39093	FHLMC Multi-Family	12/20/2018	19,987,500.00	20,000,000.00	19,987,084.00	2.723	2.561	2.597	07/25/2020	390
3137B04Y7	39295	FHLMC Multi-Family	03/11/2019	26,755,312.50	27,000,000.00	27,443,869.20	2.615	2.792	2.831	01/25/2023	1,304
3137BQR90	39342	FHLMC Multi-Family	03/26/2019	23,034,375.00	23,400,000.00	23,425,842.96	2.272	2.637	2.674	01/25/2023	1,304
3138LAYM5	38477	FNMA Multi-Family	02/27/2018	3,468,688.12	3,508,154.87	3,528,721.67	2.550	2.795	2.834	09/01/2022	1,158
3136B1XP4	38664	FNMA Multi-Family	04/30/2018	3,393,346.30	3,327,165.65	3,392,542.13	3.560	2.746	2.784	09/25/2021	817
3136B1XP4	38665	FNMA Multi-Family	04/30/2018	3,393,346.30	3,327,165.65	3,392,542.13	3.560	2.746	2.784	09/25/2021	817
31381N7G2	38884	FNMA Multi-Family	10/11/2018	3,438,753.11	3,429,643.12	3,457,188.95	3.270	3.045	3.088	10/01/2020	458
31381TYT1	39150	FNMA Multi-Family	01/14/2019	29,751,474.87	29,808,530.26	30,316,526.04	2.750	2.670	2.707	03/01/2022	974
31381RZ23	39158	FNMA Multi-Family	01/16/2019	14,784,276.79	14,452,876.84	14,856,635.01	3.840	2.825	2.865	08/01/2021	762
31381RLL6	39218	FNMA Multi-Family	02/07/2019	12,075,691.35	11,822,613.53	12,155,834.37	3.840	2.833	2.872	07/01/2021	731
31381RLL6	39219	FNMA Multi-Family	02/07/2019	2,015,711.56	1,973,467.03	2,029,089.28	3.840	2.833	2.872	07/01/2021	731
3138LGKH8	39319	FNMA Multi-Family	03/19/2019	24,609,375.00	25,000,000.00	25,136,139.00	2.470	2.794	2.833	01/01/2024	1,645
3138EKX67	39457	FNMA Multi-Family	04/18/2019	16,522,461.47	16,589,207.10	16,801,791.15	2.537	2.575	2.611	03/01/2023	1,339
3138LEYD7	39587	FNMA Multi-Family	05/30/2019	18,582,585.77	18,919,590.99	18,869,833.22	1.970	2.656	2.693	11/01/2023	1,584
3138LGF8	39609	FNMA Multi-Family	06/11/2019	4,976,953.13	5,000,000.00	4,946,507.65	2.150	2.249	2.280	01/01/2024	1,645
3138L2BU0	39632	FNMA Multi-Family	06/24/2019	6,849,039.79	6,857,611.80	6,829,421.87	2.310	2.315	2.347	12/01/2022	1,249
<b>Subtotal and Average</b>				<b>334,163,847.29</b>	<b>334,621,808.84</b>	<b>340,451,718.79</b>		<b>2.739</b>	<b>2.777</b>		<b>1,198</b>
<b>Federal Agency Bonds</b>											
3133EGWH4	37018	FFCB NOTES	09/30/2016	10,004,221.90	10,000,000.00	9,886,120.00	1.280	1.243	1.260	09/29/2021	821
3133EGT47	37194	FFCB NOTES	12/08/2016	10,000,000.00	10,000,000.00	10,035,310.00	2.010	1.982	2.010	12/08/2021	891
3133EG2D6	37305	FFCB NOTES	12/30/2016	25,002,287.23	25,000,000.00	24,974,225.00	1.550	1.490	1.511	09/27/2019	88
3133EG5D3	37378	FFCB NOTES	01/27/2017	5,000,000.00	5,000,000.00	5,028,240.00	2.030	2.002	2.030	01/27/2022	941
3133EG6C4	37404	FFCB NOTES	02/03/2017	14,999,587.78	15,000,000.00	14,961,510.00	1.550	1.533	1.554	02/03/2020	217
3133EHBA0	37502	FFCB NOTES	03/02/2017	19,995,001.48	20,000,000.00	19,938,160.00	1.520	1.537	1.558	03/02/2020	245
3133EHEZ2	37639	FFCB NOTES	04/06/2017	15,000,000.00	15,000,000.00	14,949,420.00	1.600	1.578	1.600	04/06/2020	280
3133EHFL2	37665	FFCB NOTES	04/13/2017	14,998,499.92	15,000,000.00	14,947,920.00	1.550	1.541	1.563	04/13/2020	287
3133EHFL2	37666	FFCB NOTES	04/13/2017	9,999,190.56	10,000,000.00	9,965,280.00	1.550	1.539	1.560	04/13/2020	287
3133EHFL2	37667	FFCB NOTES	04/13/2017	9,999,190.56	10,000,000.00	9,965,280.00	1.550	1.539	1.560	04/13/2020	287

**Fund COMM - COMMINGLED POOL**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Federal Agency Bonds</b>											
3133EHGA5	37725	FFCB NOTES	04/21/2017	25,001,008.33	25,000,000.00	24,958,250.00	1.440	1.406	1.426	10/21/2019	112
3133EHHG1	37761	FFCB NOTES	05/03/2017	5,000,000.00	5,000,000.00	4,997,085.00	1.750	1.726	1.750	05/03/2021	672
3133EHHG1	37762	FFCB NOTES	05/03/2017	10,000,000.00	10,000,000.00	9,994,170.00	1.750	1.726	1.750	05/03/2021	672
3133EHJA2	37793	FFCB NOTES	05/08/2017	34,996,816.30	35,000,000.00	34,872,075.00	1.550	1.539	1.561	05/08/2020	312
3133EHKH5	37841	FFCB NOTES	05/23/2017	12,003,337.47	12,000,000.00	11,935,944.00	1.570	1.522	1.543	07/23/2020	388
3133EHWM1	38024	FFCB NOTES	09/01/2017	3,003,315.00	3,000,000.00	2,993,862.00	1.700	1.624	1.647	09/01/2021	793
3133EHWM1	38025	FFCB NOTES	09/01/2017	5,000,000.00	5,000,000.00	4,989,770.00	1.700	1.676	1.700	09/01/2021	793
3133EHWM1	38026	FFCB NOTES	09/01/2017	7,008,455.42	7,000,000.00	6,985,678.00	1.700	1.619	1.642	09/01/2021	793
3133EHZA4	38046	FFCB NOTES	09/20/2017	9,982,965.76	10,000,000.00	9,969,890.00	1.660	1.715	1.739	09/20/2021	812
3133EHJ95	38081	FFCB NOTES	10/26/2017	9,998,460.65	10,000,000.00	9,979,620.00	1.750	1.737	1.762	10/26/2020	483
3133EHJ95	38082	FFCB NOTES	10/26/2017	4,998,020.83	5,000,000.00	4,989,810.00	1.750	1.756	1.780	10/26/2020	483
3133EHP31	38126	FFCB NOTES	11/10/2017	9,973,828.36	9,975,000.00	9,989,174.48	1.950	1.928	1.955	11/02/2021	855
3133EHW58	38169	FFCB NOTES	11/27/2017	14,997,891.67	15,000,000.00	15,003,750.00	1.900	1.943	1.970	11/27/2020	515
3133EHW58	38204	FFCB NOTES	12/01/2017	21,525,982.16	21,550,000.00	21,555,387.50	1.900	1.954	1.982	11/27/2020	515
3133EGYC3	38310	FFCB NOTES	12/20/2017	8,380,930.17	8,550,000.00	8,534,242.35	1.730	2.338	2.371	10/12/2022	1,199
3133EJGH6	38506	FFCB NOTES	03/15/2018	23,003,213.08	23,000,000.00	23,152,674.00	2.440	2.395	2.429	10/15/2020	472
3133EJHL6	38545	FFCB NOTES	03/27/2018	9,996,748.89	10,000,000.00	10,028,620.00	2.375	2.387	2.420	03/27/2020	270
3133EJLU1	38629	FFCB NOTES	04/24/2018	14,997,583.33	15,000,000.00	15,036,135.00	2.420	2.829	2.869	01/24/2020	207
3133EJLU1	38630	FFCB NOTES	04/24/2018	29,997,293.33	30,000,000.00	30,072,270.00	2.420	2.814	2.854	01/24/2020	207
3133EJPX1	38718	FFCB NOTES	05/21/2018	4,983,295.45	5,000,000.00	5,169,850.00	2.875	3.253	3.299	12/21/2022	1,269
3133EJSU4	38831	FFCB NOTES	06/29/2018	10,000,879.89	10,000,000.00	10,018,090.00	2.530	2.476	2.511	12/26/2019	178
3133EJTT6	38837	FFCB NOTES	07/05/2018	4,997,461.33	5,000,000.00	5,057,410.00	2.625	2.623	2.659	01/05/2021	554
3133EJTT6	38838	FFCB NOTES	07/05/2018	4,997,461.33	5,000,000.00	5,057,410.00	2.625	2.623	2.659	01/05/2021	554
3133EJZH5	38878	FFCB NOTES	10/05/2018	13,899,797.12	14,000,000.00	14,418,894.00	2.800	2.997	3.038	09/13/2022	1,170
3133EJK24	38943	FFCB NOTES	11/01/2018	14,998,371.91	15,000,000.00	15,402,840.00	3.000	2.963	3.004	10/19/2021	841
3133EJW70	38999	FFCB NOTES	11/26/2018	34,977,889.72	35,000,000.00	35,710,500.00	2.875	2.869	2.909	05/26/2021	695
3133EJW70	39023	FFCB NOTES	11/30/2018	26,805,312.37	26,825,000.00	27,369,547.50	2.875	2.875	2.915	05/26/2021	695
3133EJ3B3	39075	FFCB NOTES	12/17/2018	9,989,663.33	10,000,000.00	10,225,150.00	2.800	2.805	2.844	12/17/2021	900
3133EJY60	39105	FFCB NOTES	12/24/2018	12,593,192.68	12,500,000.00	13,027,250.00	3.020	2.765	2.803	03/03/2023	1,341
3133EJ3B3	39108	FFCB NOTES	12/24/2018	4,306,781.66	4,300,000.00	4,396,814.50	2.800	2.695	2.732	12/17/2021	900
3133EJ4Q9	39157	FFCB NOTES	01/16/2019	19,985,692.31	20,000,000.00	20,211,020.00	2.550	2.562	2.598	01/11/2021	560
3133EJ5V7	39165	FFCB NOTES	01/18/2019	14,849,145.18	14,875,000.00	15,254,595.13	2.625	2.640	2.676	01/18/2023	1,297

Portfolio SCL2  
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**Fund COMM - COMMINGLED POOL**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Federal Agency Bonds</b>											
3133EJ5P0	39173	FFCB NOTES	01/25/2019	9,987,266.26	10,000,000.00	10,193,630.00	2.600	2.615	2.652	01/18/2022	932
3133EKCS3	39296	FFCB NOTES	03/11/2019	20,014,233.33	20,000,000.00	20,248,920.00	2.550	2.472	2.506	03/11/2021	619
3133EKEW2	39357	FFCB NOTES	03/28/2019	19,987,388.33	20,000,000.00	20,249,420.00	2.280	2.272	2.303	03/28/2022	1,001
3133EKLA2	39565	FFCB NOTES	05/22/2019	9,597,369.91	9,590,000.00	9,731,155.21	2.300	2.247	2.279	05/15/2023	1,414
3133EKNR3	39594	FFCB NOTES	06/03/2019	10,004,578.15	10,000,000.00	10,100,300.00	2.200	2.153	2.183	06/03/2022	1,068
3133EKS7	39639	FFCB NOTES	06/26/2019	9,959,441.32	10,000,000.00	9,968,770.00	1.770	1.850	1.876	06/26/2023	1,456
313383VN8	35826	FHLB NOTES	04/09/2015	9,472,079.84	9,460,000.00	9,454,787.54	2.000	1.321	1.340	09/13/2019	74
313383VN8	35827	FHLB NOTES	04/09/2015	25,186,576.00	25,155,000.00	25,141,139.60	2.000	1.332	1.351	09/13/2019	74
3130A5Z77	36288	FHLB NOTES	10/21/2015	5,017,604.54	5,000,000.00	4,990,335.00	1.830	1.469	1.490	07/29/2020	394
3130A5Z77	36289	FHLB NOTES	10/19/2015	5,020,009.07	5,000,000.00	4,990,335.00	1.830	1.424	1.444	07/29/2020	394
3130A5Z77	36298	FHLB NOTES	10/23/2015	5,019,592.19	5,000,000.00	4,990,335.00	1.830	1.432	1.452	07/29/2020	394
3130A5Z77	36308	FHLB NOTES	10/26/2015	10,032,163.46	10,000,000.00	9,980,670.00	1.830	1.498	1.519	07/29/2020	394
3130A5Z77	36310	FHLB NOTES	10/26/2015	5,016,512.08	5,000,000.00	4,990,335.00	1.830	1.490	1.511	07/29/2020	394
3130A7PU3	36679	FHLB NOTES	04/11/2016	10,003,928.57	10,000,000.00	9,933,610.00	1.200	1.131	1.147	04/06/2020	280
313378J77	36756	FHLB NOTES	05/12/2016	15,077,324.40	15,000,000.00	14,976,675.00	1.875	1.105	1.120	03/13/2020	256
313378J77	36760	FHLB NOTES	05/13/2016	6,029,725.04	6,000,000.00	5,990,670.00	1.875	1.133	1.149	03/13/2020	256
3133834H1	36877	FHLB NOTES	07/12/2016	15,044,402.55	15,000,000.00	14,904,540.00	1.375	1.040	1.055	06/12/2020	347
313378J77	36886	FHLB NOTES	07/15/2016	15,081,708.80	15,000,000.00	14,976,675.00	1.875	1.055	1.069	03/13/2020	256
313380WG8	36993	FHLB NOTES	09/30/2016	19,558,948.73	19,500,000.00	19,370,676.00	1.375	1.100	1.115	09/11/2020	438
313380WG8	37022	FHLB NOTES	10/06/2016	12,020,603.53	12,000,000.00	11,920,416.00	1.375	1.210	1.227	09/11/2020	438
3133834H1	37037	FHLB NOTES	10/13/2016	10,012,254.28	10,000,000.00	9,936,360.00	1.375	1.225	1.242	06/12/2020	347
313380WG8	37054	FHLB NOTES	10/24/2016	10,018,468.15	10,000,000.00	9,933,680.00	1.375	1.199	1.216	09/11/2020	438
313383HU8	37058	FHLB NOTES	10/19/2016	15,081,380.31	15,000,000.00	14,962,200.00	1.750	1.147	1.163	06/12/2020	347
313380WG8	37072	FHLB NOTES	10/28/2016	13,877,498.62	13,860,000.00	13,768,080.48	1.375	1.248	1.266	09/11/2020	438
3130AA3R7	37108	FHLB NOTES	11/17/2016	34,998,999.35	35,000,000.00	34,904,100.00	1.375	1.363	1.382	11/15/2019	137
3130AABG2	37149	FHLB NOTES	11/30/2016	14,971,195.33	15,000,000.00	15,031,605.00	1.875	1.931	1.957	11/29/2021	882
3130A8Y72	37372	FHLB NOTES	01/26/2017	34,981,397.25	35,000,000.00	34,954,500.00	0.875	1.430	1.450	08/05/2019	35
313382K69	37711	FHLB NOTES	04/13/2017	25,875,138.84	25,860,000.00	25,808,771.34	1.750	1.690	1.714	03/12/2021	620
313378CR0	37726	FHLB NOTES	04/19/2017	25,276,356.41	25,000,000.00	25,308,125.00	2.250	1.794	1.819	03/11/2022	984
313378J77	37778	FHLB NOTES	04/28/2017	14,032,450.78	14,000,000.00	13,978,230.00	1.875	1.513	1.535	03/13/2020	256
313379RB7	37961	FHLB NOTES	06/30/2017	5,011,995.07	5,000,000.00	5,001,325.00	1.875	1.722	1.746	06/11/2021	711
3130ACE26	38033	FHLB NOTES	09/08/2017	21,971,302.60	22,000,000.00	21,854,712.00	1.375	1.462	1.482	09/28/2020	455



**Fund COMM - COMMINGLED POOL**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Federal Agency Bonds</b>											
3130A3UQ5	38102	FHLB NOTES	11/03/2017	10,009,581.40	10,000,000.00	9,996,330.00	1.875	1.781	1.806	12/11/2020	529
3130ACUK8	38178	FHLB NOTES	11/28/2017	25,000,000.00	25,000,000.00	25,030,675.00	2.000	1.972	2.000	05/28/2021	697
313383HU8	38247	FHLB NOTES	12/08/2017	24,958,035.12	25,000,000.00	24,937,000.00	1.750	1.905	1.932	06/12/2020	347
3130A66T9	38269	FHLB NOTES	12/13/2017	24,894,567.31	25,000,000.00	24,898,375.00	1.625	1.961	1.989	09/11/2020	438
3130ADJH6	38418	FHLB NOTES	01/29/2018	7,613,790.06	7,615,000.00	7,613,659.76	2.100	2.099	2.128	01/29/2020	212
313370US5	38436	FHLB NOTES	02/05/2018	5,031,721.69	5,000,000.00	5,055,180.00	2.875	2.292	2.324	09/11/2020	438
3130ADUY6	38570	FHLB NOTES	04/06/2018	31,571,546.37	31,575,000.00	31,758,892.80	2.450	2.425	2.459	09/21/2020	448
3130ADXU1	38578	FHLB NOTES	04/09/2018	19,994,747.94	20,000,000.00	20,014,260.00	2.320	2.340	2.372	01/09/2020	192
3130A02T6	38596	FHLB NOTES	04/13/2018	25,002,576.47	25,000,000.00	25,007,625.00	2.375	2.289	2.321	09/13/2019	74
3130A8Y72	38615	FHLB NOTES	04/19/2018	24,965,580.47	25,000,000.00	24,967,500.00	0.875	2.330	2.363	08/05/2019	35
3130AECJ7	38733	FHLB NOTES	05/21/2018	9,998,380.74	10,000,000.00	10,053,060.00	2.625	2.607	2.643	05/28/2020	332
3130AFB63	38896	FHLB NOTES	10/22/2018	14,989,091.67	15,000,000.00	15,235,440.00	2.950	2.958	2.999	01/22/2021	571
3130AFB63	38901	FHLB NOTES	10/23/2018	4,996,359.39	5,000,000.00	5,078,480.00	2.950	2.958	2.999	01/22/2021	571
3130AFB63	38920	FHLB NOTES	10/26/2018	25,004,524.19	25,000,000.00	25,392,400.00	2.950	2.898	2.939	01/22/2021	571
3130AFB63	38922	FHLB NOTES	10/26/2018	5,000,591.63	5,000,000.00	5,078,480.00	2.950	2.902	2.943	01/22/2021	571
313370E38	38978	FHLB NOTES	11/19/2018	20,100,785.79	20,000,000.00	20,253,080.00	3.375	2.787	2.826	06/12/2020	347
3130AFE78	39016	FHLB NOTES	11/29/2018	14,343,996.55	14,350,000.00	14,919,651.95	3.000	2.970	3.012	12/09/2022	1,257
3130A0F70	39069	FHLB NOTES	12/14/2018	10,185,248.44	10,000,000.00	10,638,710.00	3.375	2.883	2.923	12/08/2023	1,621
3130A0F70	39106	FHLB NOTES	12/24/2018	3,580,302.07	3,500,000.00	3,723,548.50	3.375	2.778	2.817	12/08/2023	1,621
3130ABFD3	39138	FHLB NOTES	01/08/2019	15,003,479.90	15,000,000.00	15,359,205.00	2.625	2.580	2.616	06/07/2022	1,072
3130AB3H7	39362	FHLB NOTES	03/29/2019	14,316,078.91	14,250,000.00	14,560,279.50	2.375	2.238	2.269	03/08/2024	1,712
313370E38	39383	FHLB NOTES	04/08/2019	10,086,778.07	10,000,000.00	10,126,540.00	3.375	2.404	2.438	06/12/2020	347
313370E38	39393	FHLB NOTES	04/08/2019	23,497,524.20	23,295,000.00	23,589,774.93	3.375	2.402	2.436	06/12/2020	347
313379Q69	39545	FHLB NOTES	05/16/2019	24,946,762.23	25,000,000.00	25,217,525.00	2.125	2.169	2.200	06/10/2022	1,075
3130A5P45	39552	FHLB NOTES	05/20/2019	15,065,994.95	15,000,000.00	15,239,895.00	2.375	2.188	2.219	06/10/2022	1,075
3133834G3	39559	FHLB NOTES	05/21/2019	9,958,179.70	10,000,000.00	10,120,390.00	2.125	2.205	2.236	06/09/2023	1,439
3130A1W95	39563	FHLB NOTES	05/22/2019	24,975,608.93	25,000,000.00	25,183,900.00	2.250	2.269	2.301	06/11/2021	711
3133834G3	39592	FHLB NOTES	06/03/2019	9,988,918.81	10,000,000.00	10,120,390.00	2.125	2.124	2.154	06/09/2023	1,439
3137EADM8	35873	FHLMC NOTES	04/16/2015	29,995,257.35	30,000,000.00	29,927,250.00	1.250	1.296	1.314	10/02/2019	93
3137EADM8	36322	FHLMC NOTES	10/29/2015	9,997,250.04	10,000,000.00	9,975,750.00	1.250	1.343	1.362	10/02/2019	93
3137EADM8	36332	FHLMC NOTES	11/04/2015	18,339,836.21	18,350,000.00	18,305,501.25	1.250	1.456	1.476	10/02/2019	93
3137EADM8	36337	FHLMC NOTES	11/06/2015	7,994,325.12	8,000,000.00	7,980,600.00	1.250	1.519	1.540	10/02/2019	93

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**Fund COMM - COMMINGLED POOL**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Federal Agency Bonds</b>											
3137EADM8	36340	FHLMC NOTES	11/09/2015	9,991,496.72	10,000,000.00	9,975,750.00	1.250	1.576	1.598	10/02/2019	93
3137EAEC9	36989	FHLMC NOTES	09/27/2016	19,937,212.08	20,000,000.00	19,715,680.00	1.125	1.261	1.278	08/12/2021	773
3137EAEC9	36992	FHLMC NOTES	09/29/2016	9,971,261.72	10,000,000.00	9,857,840.00	1.125	1.248	1.265	08/12/2021	773
3137EAE55	37443	FHLMC NOTES	02/09/2017	20,002,408.32	20,000,000.00	19,929,100.00	1.500	1.456	1.477	01/17/2020	200
3134G3A91	37454	FHLMC NOTES	01/19/2017	19,999,857.88	20,000,000.00	19,975,580.00	1.400	1.385	1.404	08/22/2019	52
3134GA6W9	37580	FHLMC NOTES	02/28/2017	11,150,000.00	11,150,000.00	11,136,196.30	1.500	1.479	1.500	08/28/2019	58
3137EAEF2	37835	FHLMC NOTES	04/20/2017	44,958,817.50	45,000,000.00	44,771,490.00	1.375	1.471	1.491	04/20/2020	294
3137EAEJ4	38057	FHLMC NOTES	09/29/2017	14,988,737.78	15,000,000.00	14,949,000.00	1.625	1.663	1.687	09/29/2020	456
3137EAEK1	38135	FHLMC NOTES	11/15/2017	24,988,998.15	25,000,000.00	24,992,125.00	1.875	1.881	1.908	11/17/2020	505
3137EAEB1	38403	FHLMC NOTES	01/19/2018	24,986,050.00	25,000,000.00	24,979,775.00	0.875	1.985	2.013	07/19/2019	18
3137EAEI9	38462	FHLMC NOTES	02/16/2018	44,935,650.00	45,000,000.00	45,389,655.00	2.375	2.433	2.466	02/16/2021	596
3135G0UU5	35847	FNMA NOTES	04/13/2015	7,011,683.01	7,000,000.00	6,984,509.00	1.750	1.474	1.494	03/06/2020	249
3135G0UU5	35856	FNMA NOTES	04/14/2015	14,608,800.66	14,584,000.00	14,551,725.61	1.750	1.469	1.489	03/06/2020	249
3135G0A78	36347	FNMA NOTES	11/13/2015	9,997,427.06	10,000,000.00	9,974,140.00	1.625	1.650	1.672	01/21/2020	204
3135G0A78	36361	FNMA NOTES	11/18/2015	20,000,825.02	20,000,000.00	19,948,280.00	1.625	1.585	1.607	01/21/2020	204
3135G0A78	36383	FNMA NOTES	11/24/2015	9,998,223.11	10,000,000.00	9,974,140.00	1.625	1.635	1.658	01/21/2020	204
3135G0A78	36384	FNMA NOTES	11/24/2015	9,998,329.99	10,000,000.00	9,974,140.00	1.625	1.633	1.656	01/21/2020	204
3135G0N33	37253	FNMA NOTES	12/19/2016	19,988,875.50	20,000,000.00	19,975,760.00	0.875	1.515	1.536	08/02/2019	32
3135G0S38	37582	FNMA NOTES	02/09/2017	10,025,748.13	10,000,000.00	10,052,460.00	2.000	1.866	1.892	01/05/2022	919
3135G0T45	37783	FNMA NOTES	04/10/2017	39,900,544.62	40,000,000.00	40,071,680.00	1.875	1.943	1.970	04/05/2022	1,009
3135G0S38	38079	FNMA NOTES	10/25/2017	9,998,203.97	10,000,000.00	10,052,460.00	2.000	1.979	2.007	01/05/2022	919
3135G0S38	38142	FNMA NOTES	11/16/2017	11,392,163.57	11,395,000.00	11,454,778.17	2.000	1.982	2.010	01/05/2022	919
3135G0T78	38163	FNMA NOTES	11/22/2017	4,972,407.99	5,000,000.00	5,034,990.00	2.000	2.149	2.179	10/05/2022	1,192
3135G0T60	38209	FNMA NOTES	12/04/2017	9,958,821.34	10,000,000.00	9,950,080.00	1.500	1.866	1.892	07/30/2020	395
3135G0N33	38367	FNMA NOTES	01/05/2018	39,962,909.35	40,000,000.00	39,951,520.00	0.875	1.946	1.973	08/02/2019	32
880591EV0	38503	TENNESSEE VALLEY AUTHORITY	03/08/2018	19,984,906.74	20,000,000.00	20,022,060.00	2.250	2.327	2.360	03/15/2020	258
880591EV0	38815	TENNESSEE VALLEY AUTHORITY	06/21/2018	9,975,902.56	10,000,000.00	10,011,030.00	2.250	2.535	2.570	03/15/2020	258
<b>Subtotal and Average</b>				<b>2,050,582,352.04</b>	<b>2,050,064,000.00</b>	<b>2,057,569,619.40</b>		<b>1.946</b>	<b>1.973</b>		<b>496</b>
<b>Federal Agency Bonds - CALLABLE</b>											
31422BDZ0	39341	FARMER MAC	03/25/2019	25,000,000.00	25,000,000.00	25,083,050.00	2.610	2.574	2.610	03/25/2022	998
3133EF2L0	36688	FFCB NOTES	04/13/2016	20,000,000.00	20,000,000.00	19,883,340.00	1.400	1.380	1.400	04/13/2020	287

**Fund COMM - COMMINGLED POOL  
Investments by Fund  
June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Federal Agency Bonds - CALLABLE</b>											
3133EF2L0	36689	FFCB NOTES	04/13/2016	15,000,000.00	15,000,000.00	14,912,505.00	1.400	1.380	1.400	04/13/2020	287
3133EF2L0	36690	FFCB NOTES	04/13/2016	15,000,000.00	15,000,000.00	14,912,505.00	1.400	1.380	1.400	04/13/2020	287
3133EGKA2	36866	FFCB NOTES	07/06/2016	20,000,000.00	20,000,000.00	19,841,320.00	1.500	1.479	1.500	07/06/2021	736
3133EG2P9	37300	FFCB NOTES	12/29/2016	10,000,000.00	10,000,000.00	10,000,180.00	2.320	2.288	2.320	12/29/2021	912
3133EG2P9	37301	FFCB NOTES	12/29/2016	15,000,000.00	15,000,000.00	15,000,270.00	2.320	2.288	2.320	12/29/2021	912
3133EHKT9	38272	FFCB NOTES	12/13/2017	10,852,023.76	10,915,000.00	10,915,021.83	2.220	2.368	2.400	11/25/2022	1,243
3133EGG82	38326	FFCB NOTES	12/26/2017	1,965,070.85	2,000,000.00	1,977,728.00	1.520	2.262	2.293	11/15/2021	868
3133EGNK7	38341	FFCB NOTES	12/29/2017	4,414,961.14	4,450,000.00	4,425,204.60	1.320	2.049	2.077	07/27/2020	392
3133EGAH8	38342	FFCB NOTES	12/29/2017	10,752,716.43	10,875,000.00	10,782,845.25	1.550	2.144	2.174	05/17/2021	686
3133EGKD6	38346	FFCB NOTES	12/29/2017	6,910,243.89	7,000,000.00	6,970,481.00	1.625	2.188	2.218	10/05/2021	827
3133EFF28	38368	FFCB NOTES	01/05/2018	5,198,598.37	5,245,000.00	5,218,224.28	1.650	2.171	2.202	03/01/2021	609
3133EHFD0	39022	FFCB NOTES	11/30/2018	4,727,148.98	4,850,000.00	4,850,082.45	2.400	3.079	3.121	04/11/2023	1,380
3133EFX44	39107	FFCB NOTES	12/24/2018	5,354,512.21	5,490,000.00	5,490,076.86	2.050	2.814	2.853	10/05/2022	1,192
3133EGXA8	39206	FFCB NOTES	02/04/2019	17,444,400.56	18,020,000.00	17,969,093.50	1.730	2.658	2.695	01/04/2023	1,283
3133EKDR4	39340	FFCB NOTES	03/25/2019	12,050,000.00	12,050,000.00	12,063,026.05	2.730	2.691	2.728	09/19/2022	1,176
3133EKRP3	39628	FFCB NOTES	06/21/2019	15,000,000.00	15,000,000.00	15,026,850.00	2.220	2.189	2.220	06/21/2024	1,817
3133EKRP3	39629	FFCB NOTES	06/21/2019	10,000,000.00	10,000,000.00	10,017,900.00	2.220	2.189	2.220	06/21/2024	1,817
3130A3XL3	36117	FHLB NOTES	07/09/2015	7,243,787.48	7,250,000.00	7,220,804.25	1.500	1.624	1.646	02/10/2020	224
3130A9W49	37131	FHLB NOTES	11/25/2016	15,000,000.00	15,000,000.00	14,914,815.00	1.250	1.232	1.250	02/24/2020	238
3130AANA2	37382	FHLB NOTES	01/30/2017	25,000,000.00	25,000,000.00	24,942,100.00	1.750	1.726	1.750	07/30/2020	395
3130AANA2	37383	FHLB NOTES	01/30/2017	5,000,000.00	5,000,000.00	4,988,420.00	1.750	1.726	1.750	07/30/2020	395
3130AB3T1	37641	FHLB NOTES	04/24/2017	20,000,000.00	20,000,000.00	19,950,860.00	1.750	1.726	1.750	07/24/2020	389
3130ABZE9	38016	FHLB NOTES	08/28/2017	8,400,000.00	8,400,000.00	8,368,365.60	1.650	1.627	1.650	08/28/2020	424
3130ACK52	38389	FHLB NOTES	01/12/2018	24,858,442.52	25,000,000.00	24,928,450.00	1.700	2.134	2.164	10/05/2020	462
3130AEXG0	38855	FHLB NOTES	09/25/2018	15,000,000.00	15,000,000.00	15,112,080.00	3.000	2.958	3.000	03/25/2022	998
3130A9MR9	38858	FHLB NOTES	09/17/2018	9,277,292.44	9,685,000.00	9,548,964.49	1.650	2.981	3.023	10/12/2022	1,199
3130AC2P8	38859	FHLB NOTES	09/17/2018	9,880,194.29	10,000,000.00	9,981,230.00	1.800	2.831	2.870	08/28/2020	424
3130AFA72	38921	FHLB NOTES	10/26/2018	12,000,000.00	12,000,000.00	12,203,856.00	3.250	3.205	3.250	04/26/2023	1,395
3130A8R54	39014	FHLB NOTES	11/28/2018	4,746,811.52	5,000,000.00	4,981,440.00	1.800	3.102	3.145	07/28/2023	1,488
3130ACF66	39151	FHLB NOTES	01/15/2019	24,510,279.86	25,000,000.00	24,981,850.00	2.150	2.752	2.790	09/26/2022	1,183
3130AG2J3	39301	FHLB NOTES	03/12/2019	50,000,000.00	50,000,000.00	50,044,950.00	2.570	2.534	2.570	03/12/2020	255
3130AG2H7	39358	FHLB NOTES	03/28/2019	20,009,350.00	20,000,000.00	20,013,240.00	2.650	2.582	2.618	12/18/2020	536

**Fund COMM - COMMINGLED POOL**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Federal Agency Bonds - CALLABLE</b>											
3130ACF66	39372	FHLB NOTES	04/04/2019	20,551,877.63	20,765,000.00	20,749,924.61	2.150	2.448	2.482	09/26/2022	1,183
3134G8JT7	36583	FHLMC NOTES	02/24/2016	12,500,000.00	12,500,000.00	12,453,537.50	1.500	1.479	1.500	02/24/2020	238
3134G8S83	36648	FHLMC NOTES	03/30/2016	20,000,000.00	20,000,000.00	19,929,820.00	1.500	1.479	1.500	12/30/2019	182
3134G8PD5	36649	FHLMC NOTES	03/30/2016	19,999,717.46	20,000,000.00	19,956,540.00	1.350	1.337	1.355	09/30/2019	91
3134G8PD5	36650	FHLMC NOTES	03/30/2016	3,714,947.52	3,715,000.00	3,706,927.31	1.350	1.337	1.355	09/30/2019	91
3134G8PD5	36651	FHLMC NOTES	03/30/2016	6,375,000.00	6,375,000.00	6,361,147.13	1.350	1.331	1.350	09/30/2019	91
3134G8PD5	36654	FHLMC NOTES	03/30/2016	12,499,867.56	12,500,000.00	12,472,837.50	1.350	1.335	1.354	09/30/2019	91
3134G9AV9	36729	FHLMC NOTES	04/28/2016	14,998,607.14	15,000,000.00	14,952,135.00	1.250	1.261	1.279	10/28/2019	119
3134G9AV9	36730	FHLMC NOTES	04/28/2016	4,249,605.36	4,250,000.00	4,236,438.25	1.250	1.261	1.279	10/28/2019	119
3134G9HM2	36785	FHLMC NOTES	05/26/2016	9,000,000.00	9,000,000.00	8,966,646.00	1.300	1.282	1.300	11/26/2019	148
3134G9HW0	36787	FHLMC NOTES	05/26/2016	5,250,000.00	5,250,000.00	5,229,493.50	1.250	1.232	1.250	11/26/2019	148
3134G3K90	37344	FHLMC NOTES	01/19/2017	10,001,138.46	10,000,000.00	9,974,270.00	1.700	1.667	1.690	09/25/2020	452
3134GBBM3	37518	FHLMC NOTES	03/29/2017	25,000,000.00	25,000,000.00	25,072,325.00	2.000	1.972	2.000	03/29/2021	637
3134GA5T7	37578	FHLMC NOTES	02/28/2017	3,500,000.00	3,500,000.00	3,531,619.00	2.125	2.095	2.125	01/26/2022	940
3134GA5T7	37579	FHLMC NOTES	02/28/2017	20,000,000.00	20,000,000.00	20,180,680.00	2.125	2.096	2.125	01/26/2022	940
3134GBEW8	37621	FHLMC NOTES	04/26/2017	25,000,000.00	25,000,000.00	24,986,650.00	1.500	1.479	1.500	07/26/2019	25
3134GBEW8	37668	FHLMC NOTES	04/26/2017	8,000,000.00	8,000,000.00	7,995,728.00	1.500	1.479	1.500	07/26/2019	25
3134GBGZ9	37669	FHLMC NOTES	04/27/2017	15,000,000.00	15,000,000.00	15,078,390.00	2.000	1.972	2.000	01/27/2022	941
3134GBEF5	37696	FHLMC NOTES	04/27/2017	3,640,000.00	3,640,000.00	3,632,588.96	1.700	1.676	1.700	04/27/2020	301
3134GBJJ2	37741	FHLMC NOTES	04/26/2017	10,000,000.00	10,000,000.00	9,978,490.00	1.750	1.726	1.750	01/26/2021	575
3134GBJJ2	37742	FHLMC NOTES	04/26/2017	25,000,000.00	25,000,000.00	24,946,225.00	1.750	1.726	1.750	01/26/2021	575
3134GBLR1	37801	FHLMC NOTES	05/25/2017	20,000,000.00	20,000,000.00	19,961,200.00	1.750	1.726	1.750	11/25/2020	513
3134GBLQ3	37804	FHLMC NOTES	05/22/2017	20,000,000.00	20,000,000.00	19,942,040.00	1.650	1.627	1.650	05/22/2020	326
3134GBPM8	37817	FHLMC NOTES	05/24/2017	15,000,000.00	15,000,000.00	15,086,670.00	2.000	1.972	2.000	02/24/2022	969
3134GBRR5	37849	FHLMC NOTES	06/15/2017	20,000,000.00	20,000,000.00	19,995,120.00	1.800	1.775	1.800	06/15/2021	715
3134GBRU8	37861	FHLMC NOTES	06/22/2017	30,000,000.00	30,000,000.00	29,904,570.00	1.625	1.602	1.625	06/22/2020	357
3134GBSM5	37880	FHLMC NOTES	06/22/2017	5,450,000.00	5,450,000.00	5,436,157.00	1.700	1.676	1.700	09/22/2020	449
3134GBRZ7	37893	FHLMC NOTES	06/20/2017	15,000,000.00	15,000,000.00	14,949,810.00	1.500	1.479	1.500	12/20/2019	172
3134GBSW3	37894	FHLMC NOTES	06/22/2017	5,000,000.00	5,000,000.00	4,989,875.00	1.750	1.726	1.750	12/22/2020	540
3134GBYF3	37988	FHLMC NOTES	07/27/2017	5,750,000.00	5,750,000.00	5,741,950.00	1.800	1.775	1.800	01/27/2021	576
3134GBF64	38055	FHLMC NOTES	09/28/2017	6,000,000.00	6,000,000.00	5,977,176.00	1.600	1.578	1.600	09/28/2020	455
3134GBU83	38090	FHLMC NOTES	10/30/2017	15,000,000.00	15,000,000.00	15,057,435.00	2.000	1.972	2.000	10/29/2021	851

**Fund COMM - COMMINGLED POOL**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Federal Agency Bonds - CALLABLE</b>											
3134GBZ70	38170	FHLMC NOTES	11/27/2017	25,000,000.00	25,000,000.00	24,969,575.00	1.875	1.849	1.875	11/27/2020	515
3134GBZ70	38171	FHLMC NOTES	11/27/2017	10,000,000.00	10,000,000.00	9,987,830.00	1.875	1.849	1.875	11/27/2020	515
3134GSAC9	38334	FHLMC NOTES	12/28/2017	10,000,000.00	10,000,000.00	10,018,000.00	2.050	2.021	2.050	12/28/2020	546
3134GSAX3	38352	FHLMC NOTES	01/08/2018	25,000,000.00	25,000,000.00	25,096,350.00	2.220	2.189	2.220	07/01/2022	1,096
3134G9Q75	38408	FHLMC NOTES	01/23/2018	19,988,950.28	20,000,000.00	19,986,100.00	1.250	2.033	2.062	07/26/2019	25
3134GSFE0	38466	FHLMC NOTES	02/26/2018	20,000,000.00	20,000,000.00	20,234,580.00	2.500	2.465	2.500	02/26/2021	606
3134GSMY8	38796	FHLMC NOTES	06/15/2018	15,000,000.00	15,000,000.00	15,138,855.00	2.750	3.426	3.474	06/15/2023	1,445
3134GSB95	39006	FHLMC NOTES	11/27/2018	10,000,000.00	10,000,000.00	10,040,280.00	3.000	2.958	3.000	11/27/2020	515
3134G94B0	39118	FHLMC NOTES	12/26/2018	1,975,036.84	2,000,000.00	2,000,548.00	2.250	2.824	2.863	08/16/2021	777
3134GSL60	39122	FHLMC NOTES	12/27/2018	25,000,000.00	25,000,000.00	25,125,900.00	3.000	2.959	3.000	09/27/2022	1,184
3134GSJ48	39123	FHLMC NOTES	12/27/2018	30,000,000.00	30,000,000.00	30,159,690.00	3.100	3.057	3.100	06/27/2022	1,092
3134GSS63	39188	FHLMC NOTES	01/30/2019	15,000,000.00	15,000,000.00	15,064,185.00	2.800	2.761	2.800	01/30/2023	1,309
3134GSS63	39189	FHLMC NOTES	01/30/2019	10,000,000.00	10,000,000.00	10,042,790.00	2.800	2.761	2.800	01/30/2023	1,309
3134GSS63	39199	FHLMC NOTES	02/01/2019	10,185,000.00	10,185,000.00	10,228,581.61	2.800	2.761	2.799	01/30/2023	1,309
3134GS6T7	39353	FHLMC NOTES	03/27/2019	15,000,000.00	15,000,000.00	15,072,675.00	2.625	2.589	2.625	09/27/2022	1,184
3134GS6F7	39354	FHLMC NOTES	03/27/2019	30,000,000.00	30,000,000.00	30,128,250.00	2.720	2.682	2.720	03/27/2023	1,365
3134GTBP7	39376	FHLMC NOTES	04/05/2019	25,000,000.00	25,000,000.00	25,001,500.00	2.700	2.663	2.700	04/05/2022	1,009
3134GTGT4	39472	FHLMC NOTES	04/24/2019	25,000,000.00	25,000,000.00	25,074,625.00	2.550	2.515	2.550	01/24/2023	1,303
3134GTFW8	39473	FHLMC NOTES	04/24/2019	25,000,000.00	25,000,000.00	25,130,525.00	2.560	2.525	2.560	07/24/2023	1,484
3134GTJV6	39478	FHLMC NOTES	04/25/2019	40,000,000.00	40,000,000.00	40,078,240.00	2.590	2.554	2.590	10/25/2022	1,212
3134GTMQ3	39564	FHLMC NOTES	05/22/2019	12,300,000.00	12,300,000.00	12,350,749.80	2.500	2.465	2.500	05/22/2023	1,421
3134GTQS5	39593	FHLMC NOTES	06/03/2019	10,260,090.56	10,250,000.00	10,284,583.50	2.625	2.567	2.603	06/03/2024	1,799
3134GTXX6	39649	FHLMC NOTES	06/28/2019	25,000,000.00	25,000,000.00	24,981,650.00	2.100	2.073	2.102	06/26/2024	1,822
3136G3PR0	36797	FNMA NOTES	05/27/2016	24,978,105.89	25,000,000.00	24,861,550.00	1.500	1.526	1.548	05/26/2021	695
3135G0L50	36875	FNMA NOTES	07/12/2016	30,000,000.00	30,000,000.00	29,988,600.00	1.050	1.035	1.050	07/12/2019	11
3136G3SY2	36880	FNMA NOTES	07/13/2016	7,500,000.00	7,500,000.00	7,484,992.50	1.250	1.232	1.250	09/30/2019	91
3136G3A62	36902	FNMA NOTES	07/26/2016	15,000,000.00	15,000,000.00	14,987,160.00	1.050	1.035	1.050	07/26/2019	25
3136G4BV4	37017	FNMA NOTES	09/30/2016	20,004,677.08	20,000,000.00	19,904,320.00	1.450	1.411	1.430	09/30/2020	457
3135G0Q30	37103	FNMA NOTES	10/21/2016	29,999,755.68	30,000,000.00	29,924,040.00	1.180	1.167	1.183	09/27/2019	88
3136G4MD2	37509	FNMA NOTES	03/16/2017	3,000,000.00	3,000,000.00	2,995,143.00	1.850	1.824	1.850	09/16/2020	443
3136G4NP4	38233	FNMA NOTES	12/06/2017	39,914,350.21	40,000,000.00	39,891,200.00	1.800	1.979	2.007	07/24/2020	389
3136G4NP4	38235	FNMA NOTES	12/07/2017	5,986,896.30	6,000,000.00	5,983,680.00	1.800	1.983	2.011	07/24/2020	389

Portfolio SCL2  
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**Fund COMM - COMMINGLED POOL**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Subtotal and Average</b>				<b>1,518,169,458.27</b>	<b>1,521,160,000.00</b>	<b>1,521,172,293.33</b>		<b>2.066</b>	<b>2.095</b>		<b>715</b>
<b>US Treasury Notes</b>											
912828S43	38300	U.S. TREASURY NOTES	12/15/2017	19,992,114.38	20,000,000.00	19,988,660.00	0.750	1.770	1.794	07/15/2019	14
912828TN0	38302	U.S. TREASURY NOTES	12/19/2017	24,966,563.76	25,000,000.00	24,946,850.00	1.000	1.792	1.817	08/31/2019	61
9128282K5	38457	U.S. TREASURY NOTES	02/15/2018	24,984,717.07	25,000,000.00	24,981,850.00	1.375	2.102	2.132	07/31/2019	30
912828Y46	39102	U.S. TREASURY NOTES	12/21/2018	14,989,345.51	15,000,000.00	15,110,160.00	2.625	2.654	2.691	07/31/2020	396
912828S43	39103	U.S. TREASURY NOTES	12/21/2018	34,975,841.93	35,000,000.00	34,980,155.00	0.750	2.527	2.562	07/15/2019	14
912828TH3	39438	U.S. TREASURY NOTES	04/12/2019	34,956,747.16	35,000,000.00	34,960,240.00	0.875	2.340	2.372	07/31/2019	30
<b>Subtotal and Average</b>				<b>154,865,329.81</b>	<b>155,000,000.00</b>	<b>154,967,915.00</b>		<b>2.213</b>	<b>2.243</b>		<b>64</b>
<b>Corporate Bonds</b>											
037833CB4	36918	APPLE INC	08/04/2016	29,999,137.29	30,000,000.00	29,970,000.00	1.100	1.118	1.134	08/02/2019	32
037833DJ6	38124	APPLE INC	11/13/2017	44,982,780.00	45,000,000.00	44,975,970.00	2.000	2.001	2.029	11/13/2020	501
06405LAA9	39031	BANK OF NEW YORK	12/04/2018	25,000,000.00	25,000,000.00	25,025,325.00	2.803	2.845	2.885	12/04/2020	522
06405LAA9	39032	BANK OF NEW YORK	12/04/2018	5,000,000.00	5,000,000.00	5,005,065.00	2.803	2.845	2.885	12/04/2020	522
084664CK5	36933	BERKSHIRE HATHWY	08/15/2016	9,999,604.81	10,000,000.00	9,988,220.00	1.300	1.314	1.333	08/15/2019	45
084670BQ0	38830	BERKSHIRE HATHWY	06/29/2018	9,906,830.53	10,000,000.00	10,027,700.00	2.200	2.732	2.770	03/15/2021	623
084670BL1	38832	BERKSHIRE HATHWY	07/02/2018	5,949,529.64	5,953,000.00	5,950,880.73	2.100	2.561	2.597	08/14/2019	44
084670BJ6	39496	BERKSHIRE HATHWY	04/30/2019	10,660,670.83	10,500,000.00	10,815,283.50	3.000	2.517	2.552	02/11/2023	1,321
084670BR8	39544	BERKSHIRE HATHWY	05/16/2019	16,704,085.97	16,624,000.00	16,892,577.34	2.750	2.576	2.611	03/15/2023	1,353
19416QEL0	39553	COLGATE-PALMOLIVE CO	05/20/2019	9,466,988.88	9,506,000.00	9,585,774.35	2.250	2.344	2.377	11/15/2022	1,233
166764BP4	37503	CHEVRON CORP.	03/03/2017	8,000,000.00	8,000,000.00	7,989,648.00	1.991	1.963	1.991	03/03/2020	246
166764BG4	39549	CHEVRON CORP.	05/17/2019	8,516,957.75	8,575,000.00	8,582,511.70	2.100	2.438	2.472	05/16/2021	685
166764BN9	39573	CHEVRON CORP.	05/24/2019	8,873,945.74	8,885,000.00	8,975,547.04	2.498	2.510	2.545	03/03/2022	976
02079KAA5	38601	GOOGLE INC	04/16/2018	16,987,691.83	16,705,000.00	17,206,417.28	3.625	2.645	2.682	05/19/2021	688
459200JN2	37380	IBM	01/27/2017	9,998,168.89	10,000,000.00	9,979,960.00	1.900	1.906	1.933	01/27/2020	210
48125LRG9	36966	JPMORGAN	09/23/2016	12,499,031.94	12,500,000.00	12,476,375.00	1.650	1.661	1.685	09/23/2019	84
191216BT6	38529	Coca-Cola Co	03/19/2018	7,423,081.34	7,500,000.00	7,483,822.50	1.875	2.646	2.682	10/27/2020	484
594918BN3	36923	MICROSOFT CORP	08/08/2016	9,999,647.13	10,000,000.00	9,988,100.00	1.100	1.119	1.135	08/08/2019	38
594918BV5	37419	MICROSOFT CORP	02/06/2017	14,997,999.31	15,000,000.00	14,967,855.00	1.850	1.847	1.873	02/06/2020	220
594918AY0	38123	MICROSOFT CORP	11/13/2017	14,094,036.14	14,096,000.00	14,068,385.94	1.850	1.847	1.872	02/12/2020	226
594918BW3	39355	MICROSOFT CORP	03/27/2019	20,030,167.15	20,000,000.00	20,210,000.00	2.400	2.305	2.337	02/06/2022	951
594918BW3	39361	MICROSOFT CORP	03/29/2019	20,064,821.81	20,000,000.00	20,210,000.00	2.400	2.235	2.266	02/06/2022	951

**Fund COMM - COMMINGLED POOL**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Corporate Bonds</b>											
594918BX1	39489	MICROSOFT CORP	04/29/2019	6,556,387.59	6,500,000.00	6,734,923.00	2.875	2.635	2.672	02/06/2024	1,681
742718EQ8	38524	PROCTER & GAMBLE	03/15/2018	19,528,274.01	20,000,000.00	19,862,700.00	1.700	2.728	2.766	11/03/2021	856
742718EQ8	38526	PROCTER & GAMBLE	03/16/2018	9,768,337.26	10,000,000.00	9,931,350.00	1.700	2.709	2.747	11/03/2021	856
89236TDH5	37057	TOYOTA MOTOR CREDIT	10/18/2016	4,999,752.31	5,000,000.00	4,989,545.00	1.550	1.545	1.567	10/18/2019	109
89236TDU6	37702	TOYOTA MOTOR CREDIT	04/17/2017	4,999,390.93	5,000,000.00	4,990,400.00	1.950	1.938	1.965	04/17/2020	291
89233P5F9	39332	TOYOTA MOTOR CREDIT	03/21/2019	11,376,323.49	11,213,000.00	11,525,932.40	3.400	2.675	2.712	09/15/2021	807
89236TFX8	39439	TOYOTA MOTOR CREDIT	04/12/2019	24,985,402.08	25,000,000.00	25,392,125.00	2.650	2.635	2.671	04/12/2022	1,016
89236TFX8	39452	TOYOTA MOTOR CREDIT	04/17/2019	14,984,496.14	15,000,000.00	15,235,275.00	2.650	2.652	2.688	04/12/2022	1,016
90331HML4	36773	U S BANK	05/19/2016	19,624,220.36	19,589,000.00	19,577,795.09	2.125	1.533	1.554	10/28/2019	119
90331HNJ8	38409	U S BANK	01/23/2018	44,994,318.75	45,000,000.00	45,015,795.00	2.350	2.340	2.373	01/23/2020	206
90331HPA5	39207	U S BANK	02/04/2019	2,998,066.13	3,000,000.00	3,036,372.00	3.000	2.974	3.016	02/04/2021	584
90331HPC1	39569	U S BANK	05/23/2019	14,984,659.44	15,000,000.00	15,213,945.00	2.650	2.650	2.687	05/23/2022	1,057
92826CAC6	39527	VISA	05/09/2019	11,221,854.43	11,156,000.00	11,423,342.38	2.800	2.583	2.619	12/14/2022	1,262
931142EA7	38076	WALMART	10/20/2017	6,995,314.01	7,000,000.00	6,987,428.00	1.900	1.920	1.947	12/15/2020	533
931142EG4	38826	WALMART	06/27/2018	39,993,903.91	40,000,000.00	40,267,920.00	2.850	2.843	2.882	06/23/2020	358
30231GAV4	38852	EXXON MOBIL CORP	09/10/2018	9,895,353.54	10,000,000.00	10,027,710.00	2.222	2.837	2.876	03/01/2021	609
<b>Subtotal and Average</b>				<b>567,061,231.36</b>	<b>567,302,000.00</b>	<b>570,587,976.25</b>		<b>2.283</b>	<b>2.314</b>		<b>581</b>
<b>Asset Backed Securities (ABS)</b>											
02582JHQ6	38646	American Express Credit Acct	03/21/2018	44,994,775.50	45,000,000.00	45,142,357.50	2.670	2.653	2.690	10/17/2022	1,204
05522RCZ9	39062	BANK OF AMERICA CREDIT CARD	12/12/2018	20,147,080.47	20,140,000.00	20,486,623.50	3.000	2.862	2.902	09/15/2023	1,537
05522RDA3	39082	BANK OF AMERICA CREDIT CARD	12/18/2018	15,000,585.94	15,000,000.00	15,323,568.00	3.100	3.064	3.107	12/15/2023	1,628
05522RCY2	39220	BANK OF AMERICA CREDIT CARD	02/08/2019	24,936,523.44	25,000,000.00	25,256,930.00	2.700	2.716	2.753	07/17/2023	1,477
05522RCY2	39320	BANK OF AMERICA CREDIT CARD	03/19/2019	19,987,500.00	20,000,000.00	20,205,544.00	2.700	2.711	2.749	07/17/2023	1,477
05586VAD4	39327	BMW VEHICLE LEASE TRUST	03/20/2019	7,498,898.25	7,500,000.00	7,601,601.75	2.920	2.906	2.946	08/22/2022	1,148
05582QAD9	36893	BMW VEHICLE OWNER TRUST	07/20/2016	1,480,375.77	1,480,382.43	1,477,098.05	1.160	1.147	1.163	11/25/2020	513
09659QAD9	38412	BMW VEHICLE OWNER TRUST	01/24/2018	31,999,680.00	32,000,000.00	32,044,614.40	2.350	2.329	2.362	04/25/2022	1,029
161571HF47	36929	CHASE ISSUANCE TRUST (ABS)	08/11/2016	22,993,668.10	23,000,000.00	22,990,434.30	1.270	1.267	1.285	07/15/2021	745
161571HN7	38708	CHASE ISSUANCE TRUST (ABS)	05/10/2018	37,000,000.00	37,000,000.00	37,037,007.40	2.594	2.496	2.530	04/17/2023	1,386
14042WAC4	39586	Capital One	05/30/2019	8,998,176.60	9,000,000.00	9,101,961.90	2.510	2.500	2.535	11/15/2023	1,598
43814QAC2	36800	HONDA AUTO RECEIVABLES OWNER T	05/31/2016	45,139.18	45,140.06	45,111.65	1.390	1.375	1.395	04/15/2020	289
43814RAC0	37059	HONDA AUTO RECEIVABLES OWNER T	10/25/2016	3,795,817.94	3,796,064.30	3,781,597.50	1.210	1.199	1.216	12/18/2020	536

**Fund COMM - COMMINGLED POOL**  
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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Asset Backed Securities (ABS)</b>											
43814TAC6	37615	HONDA AUTO RECEIVABLES OWNER T	03/28/2017	8,401,507.01	8,402,006.93	8,377,166.40	1.720	1.706	1.729	06/22/2020	357
43811BAC8	37976	HONDA AUTO RECEIVABLES OWNER T	06/27/2017	19,853,796.76	19,855,514.26	19,798,614.31	1.680	1.666	1.690	08/16/2021	777
43814UAG4	38738	HONDA AUTO RECEIVABLES OWNER T	05/30/2018	11,999,738.40	12,000,000.00	12,149,394.00	3.010	2.988	3.030	05/18/2022	1,052
43815AAC6	39013	HONDA AUTO RECEIVABLES OWNER T	11/28/2018	21,746,748.38	21,750,000.00	22,163,356.58	3.160	3.144	3.188	01/17/2023	1,296
43814WAC9	39269	HONDA AUTO RECEIVABLES OWNER T	02/27/2019	13,749,631.50	13,750,000.00	13,947,712.63	2.830	2.809	2.848	03/20/2023	1,358
43815MAC0	39582	HONDA AUTO RECEIVABLES OWNER T	05/29/2019	16,999,365.90	17,000,000.00	17,190,687.30	2.520	2.500	2.535	06/21/2023	1,451
47788NAC2	36905	JOHN DEERE OWNER TRUST	07/27/2016	508,019.05	508,059.49	507,595.07	1.250	1.240	1.257	06/15/2020	350
47787XAC1	37507	JOHN DEERE OWNER TRUST	03/02/2017	3,988,099.66	3,988,667.65	3,980,642.45	1.780	1.769	1.793	04/15/2021	654
47788CAC6	38476	JOHN DEERE OWNER TRUST	02/28/2018	8,249,406.83	8,250,000.00	8,287,787.48	2.660	2.641	2.678	04/18/2022	1,022
58769DAE0	38785	MERCEDES-BENZ AUTO LEASE TRUST	06/11/2018	3,965,156.25	4,000,000.00	3,996,924.00	2.010	2.701	2.739	01/17/2023	1,296
58772TAC4	39190	MERCEDES-BENZ AUTO LEASE TRUST	01/30/2019	9,999,707.00	10,000,000.00	10,107,293.00	3.100	3.079	3.122	11/15/2021	868
58769BAD6	36956	MERCEDES -BENZ AUTO REC TRUST	09/14/2016	2,601,247.19	2,601,564.32	2,592,309.25	1.260	1.251	1.269	02/16/2021	596
65478UAD1	36557	NISSAN AUTO LEASE TRUST	02/10/2016	605,494.57	605,632.17	604,933.03	1.340	1.335	1.353	10/15/2020	472
65478DAD9	38475	NISSAN AUTO LEASE TRUST	02/28/2018	18,497,885.45	18,500,000.00	18,596,629.20	2.650	2.585	2.621	05/16/2022	1,050
65479HAC1	39578	Nissan Auto Receivables Owner	05/28/2019	19,995,478.00	20,000,000.00	20,220,398.00	2.500	2.489	2.523	11/15/2023	1,598
89231LAD9	37035	TOYOTA AUTO REC OWNER TRUST	10/12/2016	3,406,088.19	3,406,514.69	3,399,000.94	1.230	1.222	1.239	10/15/2020	472
89238MAD0	37568	TOYOTA AUTO REC OWNER TRUST	03/15/2017	4,999,941.69	5,000,530.25	4,988,801.51	1.730	1.684	1.708	02/16/2021	596
89238KAD4	38137	TOYOTA AUTO REC OWNER TRUST	11/15/2017	23,997,787.20	24,000,000.00	23,946,045.60	1.930	1.914	1.940	01/18/2022	932
89231PAD0	38958	TOYOTA AUTO REC OWNER TRUST	11/07/2018	9,997,837.00	10,000,000.00	10,200,424.00	3.180	3.167	3.211	03/15/2023	1,353
92349GAA9	39612	VERIZON OWNER TRUST	06/12/2019	34,997,553.50	35,000,000.00	35,105,668.50	2.330	2.312	2.344	12/20/2023	1,633
<b>Subtotal and Average</b>				<b>477,438,710.72</b>	<b>477,580,076.55</b>	<b>480,655,833.20</b>	<b>2.447</b>	<b>2.481</b>		<b>1,217</b>	
<b>Asset Backed Securities-Green Bond</b>											
89231UAD9	36753	TOYOTA AUTO REC OWNER TRUST	05/11/2016	36,538.09	36,538.47	36,516.62	1.300	1.283	1.301	04/15/2020	289
<b>Subtotal and Average</b>				<b>36,538.09</b>	<b>36,538.47</b>	<b>36,516.62</b>	<b>1.284</b>	<b>1.301</b>		<b>289</b>	
<b>Municipal Bonds</b>											
13063CSQ4	36313	CALIFORNIA ST	10/27/2015	10,230,663.68	10,220,000.00	10,209,371.20	1.800	1.632	1.655	04/01/2020	275
13063CP87	36731	CALIFORNIA ST	04/28/2016	14,973,563.45	15,000,000.00	14,900,550.00	1.500	1.608	1.630	04/01/2021	640
65887PHS7	37523	North Dakota State Finance	03/06/2017	538,857.84	500,000.00	541,080.00	5.000	1.400	1.420	10/01/2021	823
64990CEM9	36822	New York State Dormatory Auth	06/14/2016	3,000,000.00	3,000,000.00	3,000,000.00	1.456	1.435	1.455	07/01/2019	0
91412GWY7	39314	UNIVERSITY CALIFORNIA REVS	03/15/2019	4,028,407.79	4,000,000.00	4,092,040.00	2.826	2.530	2.566	05/15/2022	1,049



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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Municipal Bonds</b>											
91412HEX7	39321	UNIVERSITY CALIFORNIA REVS	03/19/2019	1,000,000.00	1,000,000.00	1,022,770.00	2.657	2.620	2.657	05/15/2023	1,414
91412HEW9	39322	UNIVERSITY CALIFORNIA REVS	03/19/2019	665,000.00	665,000.00	676,278.40	2.608	2.571	2.606	05/15/2022	1,049
<b>Subtotal and Average</b>				<b>34,436,492.76</b>	<b>34,385,000.00</b>	<b>34,442,089.60</b>		<b>1.753</b>	<b>1.778</b>		<b>556</b>
<b>Commercial Paper, Discount</b>											
09702MUA9	39418	Boeing Company	04/10/2019	49,967,500.01	50,000,000.00	49,960,500.00	2.600	2.617	2.653	07/10/2019	9
09702MUA9	39419	Boeing Company	04/10/2019	7,495,153.08	7,500,000.00	7,494,075.00	2.600	2.617	2.653	07/10/2019	9
09702MUP6	39467	Boeing Company	04/23/2019	49,921,050.08	50,000,000.00	49,705,533.50	2.600	2.617	2.653	07/23/2019	22
16677KUX9	39401	CHEVRON	04/10/2019	39,918,666.67	40,000,000.00	39,916,583.20	2.440	2.458	2.492	07/31/2019	30
17327BUX1	39402	CITIGROUP GLOBAL MAR	04/09/2019	49,895,519.65	50,000,000.00	49,891,512.50	2.520	2.540	2.575	07/31/2019	30
17327BUX1	39403	CITIGROUP GLOBAL MAR	04/09/2019	9,979,103.93	10,000,000.00	9,978,302.50	2.520	2.540	2.575	07/31/2019	30
31315KRG7	39597	FARMER MAC DISCOUNT NOTE	06/05/2019	24,716,079.06	25,000,000.00	24,737,925.00	2.220	2.284	2.316	01/02/2020	185
45920GWS1	39518	IBM	05/07/2019	39,759,641.65	40,000,000.00	39,772,000.00	2.540	2.565	2.601	09/26/2019	87
46640QUS8	38931	JP Morgan Securities	10/29/2018	44,906,835.43	45,000,000.00	44,917,050.15	2.930	3.023	3.065	07/26/2019	25
46640QXX4	39279	JP Morgan Securities	03/04/2019	49,560,381.41	50,000,000.00	49,614,583.50	2.590	2.681	2.718	10/31/2019	122
59157UUQ1	39485	METLIFE SHORT TERM FUND	04/26/2019	14,106,576.60	14,129,000.00	14,105,734.20	2.500	2.515	2.550	07/24/2019	23
7426M3UF4	39231	PRIVATE EXPORT FUND CORPORATIO	02/12/2019	29,970,296.06	30,000,000.00	29,966,424.90	2.550	2.577	2.613	07/15/2019	14
7426M3UC1	39245	PRIVATE EXPORT FUND CORPORATIO	02/15/2019	49,961,267.50	50,000,000.00	49,953,916.50	2.540	2.566	2.602	07/12/2019	11
7426M2BU4	39635	PRIVATE EXPORT FUND CORPORATIO	06/25/2019	3,450,655.79	3,500,000.00	3,449,582.19	2.100	2.162	2.192	02/28/2020	242
71344UUS6	39636	PEPSICO INC	06/25/2019	23,813,104.60	23,850,000.00	23,806,036.58	2.250	2.254	2.285	07/26/2019	25
71708FUX8	39479	PFIZER	04/25/2019	49,897,292.31	50,000,000.00	49,895,729.00	2.480	2.496	2.531	07/31/2019	30
89116FU57	39297	TORONTO DOMINION BANK	03/11/2019	49,986,136.88	50,000,000.00	49,795,000.00	2.505	2.525	2.560	07/05/2019	4
89233GA71	39645	TOYOTA MOTOR CREDIT	06/27/2019	44,494,173.20	45,000,000.00	44,496,511.20	2.140	2.200	2.230	01/07/2020	190
2546R3WP5	39531	Walt Disney Company	05/10/2019	49,716,857.81	50,000,000.00	49,723,775.00	2.480	2.503	2.538	09/23/2019	84
2546R3WQ3	39644	Walt Disney Company	06/27/2019	39,795,426.78	40,000,000.00	39,776,675.60	2.220	2.232	2.263	09/24/2019	85
30229BUH8	39650	Exxon Mobil Group	06/28/2019	89,909,754.20	90,000,000.00	89,891,700.30	2.280	2.282	2.314	07/17/2019	16
<b>Subtotal and Average</b>				<b>811,221,472.70</b>	<b>813,979,000.00</b>	<b>810,849,150.82</b>		<b>2.500</b>	<b>2.534</b>		<b>51</b>
<b>Federal Agency Discount Notes</b>											
313384JX8	39349	FHLB DISCOUNT	03/27/2019	49,891,850.65	50,000,000.00	49,901,800.00	2.410	2.464	2.498	08/02/2019	32
313384KM0	39350	FHLB DISCOUNT	03/27/2019	24,922,231.50	25,000,000.00	24,929,400.00	2.410	2.466	2.501	08/16/2019	46
313384JV2X	39400	FHLB DISCOUNT	04/09/2019	49,899,966.50	50,000,000.00	49,908,500.00	2.380	2.431	2.464	07/31/2019	30

**Fund COMM - COMMINGLED POOL**  
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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Federal Agency Discount Notes</b>											
313384HP7	39646	FHLB DISCOUNT	06/28/2019	100,000,000.00	100,000,000.00	100,000,000.00	2.000	2.028	2.056	07/01/2019	0
313384HP7	39647	FHLB DISCOUNT	06/28/2019	100,000,000.00	100,000,000.00	100,000,000.00	2.100	2.129	2.159	07/01/2019	0
313384HP7	39648	FHLB DISCOUNT	06/28/2019	10,000,000.00	10,000,000.00	10,000,000.00	2.000	2.028	2.056	07/01/2019	0
<b>Subtotal and Average</b>				<b>334,714,048.65</b>	<b>335,000,000.00</b>	<b>334,739,700.00</b>		<b>2.216</b>	<b>2.247</b>		<b>12</b>
<b>Local Agency Investment Fund</b>											
SYS8506	8506	LOCAL AGENCY INVEST FUND	07/01/2015	41,780,630.69	41,780,630.69	41,780,630.69	2.434	2.400	2.434		1
<b>Subtotal and Average</b>				<b>41,780,630.69</b>	<b>41,780,630.69</b>	<b>41,780,630.69</b>		<b>2.401</b>	<b>2.434</b>		<b>1</b>
<b>Money Market</b>											
SYS37590	37590	JP MORGAN US GOVT MMF	02/27/2017	301,131,398.63	301,131,398.63	301,131,398.63	2.250	2.219	2.250		1
SYS34292	34292	MORGAN STANLEY TRSY INSTL 8304	05/21/2013	270,000,000.00	270,000,000.00	270,000,000.00	2.190	2.160	2.190		1
SYS23519	23519	BLACKROCK TREASURY LIQ FUND	02/01/2008	476,992,652.50	476,992,652.50	476,992,652.50	2.260	2.229	2.260		1
<b>Subtotal and Average</b>				<b>1,048,124,051.13</b>	<b>1,048,124,051.13</b>	<b>1,048,124,051.13</b>		<b>2.208</b>	<b>2.239</b>		<b>1</b>
<b>Supranationals - Green Bond</b>											
45818WBU9	38324	IADB	12/21/2017	25,000,000.00	25,000,000.00	25,001,475.00	2.647	2.547	2.582	01/15/2022	929
<b>Subtotal and Average</b>				<b>25,000,000.00</b>	<b>25,000,000.00</b>	<b>25,001,475.00</b>		<b>2.547</b>	<b>2.583</b>		<b>929</b>
<b>Supranationals</b>											
4581XOCX4	37663	IADB	04/12/2017	34,976,759.05	35,000,000.00	34,865,530.00	1.625	1.680	1.704	05/12/2020	316
45818WBPO	38317	IADB	12/21/2017	45,024,270.85	45,000,000.00	45,003,150.00	2.667	2.512	2.547	07/15/2022	1,110
45818WBM7	38385	IADB	01/12/2018	20,076,129.69	20,000,000.00	20,065,800.00	2.797	2.444	2.478	07/15/2021	745
45818WBM7A	38739	IADB	05/30/2018	10,050,362.52	10,000,000.00	10,032,900.00	2.797	2.411	2.444	07/15/2021	745
4581X0DF2	39495	IADB	04/29/2019	17,159,366.74	17,000,000.00	17,535,415.00	2.625	2.372	2.405	01/16/2024	1,660
459058FA6	36653	INTL BANK RECON & DEVELOP	03/30/2016	19,988,567.50	20,000,000.00	19,893,480.00	1.376	1.435	1.455	03/30/2020	273
459058FK4	36881	INTL BANK RECON & DEVELOP	07/13/2016	39,999,667.63	40,000,000.00	39,924,360.00	0.876	0.869	0.881	08/15/2019	45
459058GQ0	39367	INTL BANK RECON & DEVELOP	04/02/2019	5,033,636.93	5,000,000.00	5,143,035.00	2.500	2.315	2.347	03/19/2024	1,723
<b>Subtotal and Average</b>				<b>192,308,760.91</b>	<b>192,000,000.00</b>	<b>192,463,670.00</b>		<b>1.877</b>	<b>1.904</b>		<b>665</b>
<b>ABS - Cont.</b>											
17305EFW0	37208	CITIBANK CREDIT CARD ISSUANCE	12/08/2016	39,998,967.12	40,000,000.00	39,919,564.00	1.750	1.725	1.749	11/19/2021	872

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Days To Date Maturity
<b>Subtotal and Average</b>				39,998,967.12	40,000,000.00	39,919,564.00		1.726	1.750	872
<b>Total Investments and Average</b>				8,564,901,891.54	8,571,033,105.68	8,588,362,463.83		2.242	2.273	436

**Fund WK - WORKERS COMP**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Mortgage Backed Securities (MBS)</b>											
3138LGKH8	39318	FNMA Multi-Family	03/19/2019	2,953,125.00	3,000,000.00	3,016,336.68	2.470	2.794	2.833	01/01/2024	1,645
<b>Subtotal and Average</b>				<b>2,953,125.00</b>	<b>3,000,000.00</b>	<b>3,016,336.68</b>		<b>2.795</b>	<b>2.834</b>		<b>1,645</b>
<b>Federal Agency Bonds</b>											
3133EJZU6	38872	FFCB NOTES	09/27/2018	2,993,253.55	3,000,000.00	3,063,822.00	2.850	2.915	2.956	09/20/2021	812
3133EJZH5	38879	FFCB NOTES	10/05/2018	992,842.65	1,000,000.00	1,029,921.00	2.800	2.997	3.038	09/13/2022	1,170
3133EJ3B3	39112	FFCB NOTES	12/24/2018	2,003,154.26	2,000,000.00	2,045,030.00	2.800	2.695	2.732	12/17/2021	900
3130A0F70	39114	FHLB NOTES	12/24/2018	1,534,415.17	1,500,000.00	1,595,806.50	3.375	2.778	2.817	12/08/2023	1,621
3137EAEC9	37310	FHLMC NOTES	12/30/2016	2,456,581.33	2,500,000.00	2,464,460.00	1.125	1.961	1.988	08/12/2021	773
3135G0R39	37309	FNMA NOTES	12/30/2016	3,494,547.25	3,500,000.00	3,487,081.50	1.000	1.489	1.510	10/24/2019	115
<b>Subtotal and Average</b>				<b>13,474,794.21</b>	<b>13,500,000.00</b>	<b>13,686,121.00</b>		<b>2.330</b>	<b>2.362</b>		<b>755</b>
<b>Money Market</b>											
SYS34789	34789	BLACKKROCK TREASURY LIQ FUND	12/26/2013	12,436,241.41	12,436,241.41	12,436,241.41	2.260	2.229	2.260		1
<b>Subtotal and Average</b>				<b>12,436,241.41</b>	<b>12,436,241.41</b>	<b>12,436,241.41</b>		<b>2.229</b>	<b>2.260</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>28,864,160.62</b>	<b>28,936,241.41</b>	<b>29,138,699.09</b>		<b>2.334</b>	<b>2.366</b>		<b>521</b>

**Fund PCF - PARK CHARTER FUND**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Federal Agency Bonds</b>											
3133EJ3B3	39113	FFCB NOTES	12/24/2018	1,702,681.12	1,700,000.00	1,738,275.50	2.800	2.695	2.732	12/17/2021	900
3137EAEC9	37307	FHLMC NOTES	12/30/2016	491,316.27	500,000.00	492,892.00	1.125	1.961	1.988	08/12/2021	773
3135G0R39	37308	FNMA NOTES	12/30/2016	1,497,663.11	1,500,000.00	1,494,463.50	1.000	1.488	1.508	10/24/2019	115
<b>Subtotal and Average</b>				<b>3,691,660.50</b>	<b>3,700,000.00</b>	<b>3,725,631.00</b>		<b>2.108</b>	<b>2.137</b>		<b>564</b>
<b>Money Market</b>											
SYS33657	33657	BLACKROCK TREASURY LIQ FUND	09/30/2012	559,524.55	559,524.55	559,524.55	2.260	2.229	2.260		1
<b>Subtotal and Average</b>				<b>559,524.55</b>	<b>559,524.55</b>	<b>559,524.55</b>		<b>2.229</b>	<b>2.260</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>4,251,185.05</b>	<b>4,259,524.55</b>	<b>4,285,155.55</b>		<b>2.124</b>	<b>2.153</b>		<b>490</b>

**Fund SJE - SAN JOSE- EVERGREEN**  
**Investments by Fund**  
**June 30, 2019**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Municipal Bonds</b>											
011770Z56	35082	ALASKA ST	05/08/2014	200,599.55	200,000.00	200,592.00	5.000	1.252	1.270	08/01/2019	31
011770Z56	35083	ALASKA ST	05/08/2014	250,749.44	250,000.00	250,740.00	5.000	1.252	1.270	08/01/2019	31
13063C5Q9	37543	CALIFORNIA ST	03/14/2017	545,695.10	500,000.00	557,455.00	5.000	1.844	1.870	08/01/2022	1,127
13063BFJ6	37573	CALIFORNIA ST	03/20/2017	425,334.08	400,000.00	410,944.00	5.250	2.661	2.698	03/01/2022	974
13063BAM4	37714	CALIFORNIA ST	03/08/2017	236,979.91	225,000.00	227,306.25	5.250	0.957	0.971	10/01/2021	823
20772JQ96	37546	Connecticut-F	03/09/2017	535,013.49	500,000.00	541,435.00	5.000	1.873	1.900	11/15/2021	868
341150M31	35185	FLORIDA STATE BOARD EDUCATION	06/27/2014	1,099,279.22	1,065,000.00	1,104,128.10	5.000	1.588	1.610	07/01/2020	366
373384YJ9	34915	GEORGIA ST	03/10/2014	350,000.00	350,000.00	350,000.00	5.000	1.035	1.050	07/01/2019	0
57582RKW5	37561	MASSACHUSETTS ST	03/16/2017	217,722.91	200,000.00	220,108.00	5.000	1.607	1.630	04/01/2022	1,005
6041294D5	35288	MINNESOTA ST	08/21/2014	207,389.59	200,000.00	208,022.00	5.000	1.410	1.430	08/01/2020	397
658256T93	35131	NORTH CAROLINA ST	06/05/2014	375,408.68	365,000.00	376,267.55	5.000	1.400	1.420	05/01/2020	305
677521Q82	37526	OHIO ST	03/08/2017	327,914.15	305,000.00	329,848.35	5.000	1.509	1.530	10/01/2021	823
924258ZN9	34946	VERMONT ST	03/21/2014	100,437.92	100,000.00	100,444.00	5.000	1.262	1.280	08/15/2019	45
93974CC65	37524	WASHINGTON ST	03/08/2017	535,119.12	500,000.00	536,665.00	5.000	1.352	1.371	07/01/2021	731
97705MFT7	37717	WISCONSIN STATE	03/29/2017	545,039.79	500,000.00	551,310.00	5.000	1.647	1.670	05/01/2022	1,035
<b>Subtotal and Average</b>				<b>5,952,682.95</b>	<b>5,660,000.00</b>	<b>5,965,265.25</b>		<b>1.588</b>	<b>1.610</b>		<b>630</b>
<b>Money Market - Tax Exempt</b>											
SYS33615	33615	Dreyfus Tax Exempt Inst	09/25/2012	11,225,960.18	11,225,960.18	11,225,960.18	1.640	1.617	1.640		1
<b>Subtotal and Average</b>				<b>11,225,960.18</b>	<b>11,225,960.18</b>	<b>11,225,960.18</b>		<b>1.618</b>	<b>1.640</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>17,178,643.13</b>	<b>16,885,960.18</b>	<b>17,191,225.43</b>		<b>1.607</b>	<b>1.630</b>		<b>218</b>

**SANTA CLARA COUNTY INVESTMENTS**  
**Transaction Activity Report**  
**April 1, 2019 - June 30, 2019**  
**Sorted by Fund - Transaction Date**  
**COMMINGLED POOL Fund**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39364	COMM	SYS39364	BCREPO 2.4% MAT	Purchase	04/01/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39363	COMM	313384DV8	FHDN DISC NOTE	Purchase	04/01/2019	FHLB DISCOUNT	199,987,500.00			-199,987,500.00
35799	COMM	3133EEWG1	FEDERAL FARM CR	Redemption	04/01/2019	FFCB NOTES		9,950,000.00		9,950,000.00
39360	COMM	313384DU0	FHDN DISC NOTE	Redemption	04/01/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
35799	COMM	3133EEWG1	FEDERAL FARM CR	Interest	04/01/2019	FFCB NOTES			64,675.00	64,675.00
36313	COMM	13063CSQ4	CALIFORNIA ST FOR	Interest	04/01/2019	CALIFORNIA ST			91,980.00	91,980.00
36648	COMM	3134G8S83	FEDERAL HOME LN	Interest	04/01/2019	FHLMC NOTES			150,000.00	150,000.00
36649	COMM	3134G8PD5	FEDERAL HOME LN	Interest	04/01/2019	FHLMC NOTES			135,000.00	135,000.00
36650	COMM	3134G8PD5	FEDERAL HOME LN	Interest	04/01/2019	FHLMC NOTES			25,076.25	25,076.25
36651	COMM	3134G8PD5	FEDERAL HOME LN	Interest	04/01/2019	FHLMC NOTES			43,031.25	43,031.25
36653	COMM	459058FA6	IBRD 1.375% MAT	Interest	04/01/2019	INTL BANK RECON &			137,600.00	137,600.00
36654	COMM	3134G8PD5	FEDERAL HOME LN	Interest	04/01/2019	FHLMC NOTES			84,375.00	84,375.00
36731	COMM	13063CP87	CALIFORNIA ST FOR	Interest	04/01/2019	CALIFORNIA ST			112,500.00	112,500.00
36880	COMM	3136G3SY2	FEDERAL NATL MTG	Interest	04/01/2019	FNMA NOTES			46,875.00	46,875.00
37017	COMM	3136G4BV4	FEDERAL NATL MTG	Interest	04/01/2019	FNMA NOTES			145,000.00	145,000.00
37523	COMM	65887PHS7	NORTH DAKOTA	Interest	04/01/2019	North Dakota State F			12,500.00	12,500.00
39366	COMM	SYS39366	BCREPO 2.43% MAT	Purchase	04/02/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39365	COMM	313384DW6	FHDN DISC NOTE	Purchase	04/02/2019	FHLB DISCOUNT	199,987,333.32			-199,987,333.32
39367	COMM	459058GQ0	IBRD 2.5% MAT	Purchase	04/02/2019	INTL BANK RECON &	5,039,913.89			-5,039,913.89
39363	COMM	313384DV8	FHDN DISC NOTE	Redemption	04/02/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39364	COMM	SYS39364	BCREPO 2.4% MAT	Redemption	04/02/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
35873	COMM	3137EADM8	FEDERAL HOME LN	Interest	04/02/2019	FHLMC NOTES			187,500.00	187,500.00
36322	COMM	3137EADM8	FEDERAL HOME LN	Interest	04/02/2019	FHLMC NOTES			62,500.00	62,500.00
36332	COMM	3137EADM8	FEDERAL HOME LN	Interest	04/02/2019	FHLMC NOTES			114,687.50	114,687.50
36337	COMM	3137EADM8	FEDERAL HOME LN	Interest	04/02/2019	FHLMC NOTES			50,000.00	50,000.00
36340	COMM	3137EADM8	FEDERAL HOME LN	Interest	04/02/2019	FHLMC NOTES			62,500.00	62,500.00
39364	COMM	SYS39364	BCREPO 2.4% MAT	Interest	04/02/2019	BARCLAYS CAPITAL			13,333.32	13,333.32
34292	COMM	SYS34292	MSTI 0. %	Interest	04/02/2019	MORGAN STANLEY			157.78	157.78
34292	COMM	SYS34292	MSTI 0. %	Purchase	04/02/2019	MORGAN STANLEY	157.78			-157.78
37590	COMM	SYS37590	JPM TE 0.44%	Interest	04/02/2019	JP MORGAN US			181,662.61	181,662.61
37590	COMM	SYS37590	JPM TE 0.44%	Purchase	04/02/2019	JP MORGAN US	181,662.61			-181,662.61
39368	COMM	SYS39368	BCREPO 2.42% MAT	Purchase	04/03/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39369	COMM	313384DX4	FHDN DISC NOTE	Purchase	04/03/2019	FHLB DISCOUNT	199,987,500.00			-199,987,500.00
39370	COMM	313384DX4	FHDN DISC NOTE	Purchase	04/03/2019	FHLB DISCOUNT	99,993,750.00			-99,993,750.00

Portfolio SCL2

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**SANTA CLARA COUNTY INVESTMENTS**  
**Transaction Activity Report**  
**Sorted by Fund - Transaction Date**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39365	COMM	313384DW6	FHDN DISC NOTE	Redemption	04/03/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39366	COMM	SYS39366	BCREPO 2.43% MAT	Redemption	04/03/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39366	COMM	SYS39366	BCREPO 2.43% MAT	Interest	04/03/2019	BARCLAYS CAPITAL			13,500.02	13,500.02
39371	COMM	SYS39371	BCREPO 2.43% MAT	Purchase	04/04/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39373	COMM	313384DY2	FHDN DISC NOTE	Purchase	04/04/2019	FHLB DISCOUNT	199,987,500.00			-199,987,500.00
39374	COMM	313384DY2	FHDN DISC NOTE	Purchase	04/04/2019	FHLB DISCOUNT	99,993,750.00			-99,993,750.00
39372	COMM	3130ACF66	FEDERAL HOME	Purchase	04/04/2019	FHLB NOTES	20,545,883.11			-20,545,883.11
39352	COMM	31315KDX5	FRMDN DISC NOTE	Redemption	04/04/2019	FARMER MAC		25,000,000.00		25,000,000.00
39368	COMM	SYS39368	BCREPO 2.42% MAT	Redemption	04/04/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39369	COMM	313384DX4	FHDN DISC NOTE	Redemption	04/04/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39370	COMM	313384DX4	FHDN DISC NOTE	Redemption	04/04/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
39368	COMM	SYS39368	BCREPO 2.42% MAT	Interest	04/04/2019	BARCLAYS CAPITAL			13,444.45	13,444.45
39375	COMM	SYS39375	BCREPO 2.43% MAT	Purchase	04/05/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39379	COMM	16677KRW5	CVX DISC NOTE	Purchase	04/05/2019	CHEVRON CORP.	49,916,319.45			-49,916,319.45
39377	COMM	313384EB1	FHDN DISC NOTE	Purchase	04/05/2019	FHLB DISCOUNT	199,962,500.00			-199,962,500.00
39378	COMM	313384EB1	FHDN DISC NOTE	Purchase	04/05/2019	FHLB DISCOUNT	99,981,250.00			-99,981,250.00
39376	COMM	3134GTBP7	FEDERAL HOME LN	Purchase	04/05/2019	FHLMC NOTES	25,000,000.00			-25,000,000.00
39380	COMM	24422MRW3	JDCCP DISC NOTE	Purchase	04/05/2019	John Deere Capital C	49,915,972.20			-49,915,972.20
39371	COMM	SYS39371	BCREPO 2.43% MAT	Redemption	04/05/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39373	COMM	313384DY2	FHDN DISC NOTE	Redemption	04/05/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39374	COMM	313384DY2	FHDN DISC NOTE	Redemption	04/05/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
37783	COMM	3135G0T45	FEDERAL NATL MTG	Interest	04/05/2019	FNMA NOTES			375,000.00	375,000.00
38163	COMM	3135G0T78	FEDERAL NATL MTG	Interest	04/05/2019	FNMA NOTES			50,000.00	50,000.00
38346	COMM	3133EGKD6	FEDERAL FARM CR	Interest	04/05/2019	FFCB NOTES			56,875.00	56,875.00
38389	COMM	3130ACK52	FEDERAL HOME	Interest	04/05/2019	FHLB NOTES			212,500.00	212,500.00
39107	COMM	3133EFX44	FEDERAL FARM CR	Interest	04/05/2019	FFCB NOTES			56,272.50	56,272.50
39107	COMM	3133EFX44	FEDERAL FARM CR	Accr Int	04/05/2019	FFCB NOTES		24,697.38	-24,697.38	0.00
39371	COMM	SYS39371	BCREPO 2.43% MAT	Interest	04/05/2019	BARCLAYS CAPITAL			13,500.01	13,500.01
39415	COMM	SYS39415	BCREPO 2.43% MAT	Purchase	04/08/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39389	COMM	30229BT31	EX DISC NOTE MAT	Purchase	04/08/2019	EXXON	49,809,444.44			-49,809,444.44
39390	COMM	30229BT31	EX DISC NOTE MAT	Purchase	04/08/2019	EXXON	49,809,444.44			-49,809,444.44
39383	COMM	313370E38	FEDERAL HOME	Purchase	04/08/2019	FHLB NOTES	10,216,650.00			-10,216,650.00
39393	COMM	313370E38	FEDERAL HOME	Purchase	04/08/2019	FHLB NOTES	23,800,152.08			-23,800,152.08
39385	COMM	313384EC9	FHLBD DISC NOTE	Purchase	04/08/2019	FHLB DISCO	199,987,500.00			-199,987,500.00
39386	COMM	313384EC9	FHLBD DISC NOTE	Purchase	04/08/2019	FHLB DISCO	99,993,750.00			-99,993,750.00
39391	COMM	55379WF68	MUFG 2.54% MAT	Purchase	04/08/2019	MUFG Mitsubishi	50,000,000.00			-50,000,000.00
39392	COMM	55379WF68	MUFG 2.54% MAT	Purchase	04/08/2019	MUFG Mitsubishi	20,000,000.00			-20,000,000.00
39381	COMM	912796UZ09	USTB DISC NOTE	Purchase	04/08/2019	U S TREASURY BILL	49,927,888.89			-49,927,888.89
39431	COMM	912796UZ09	USTB DISC NOTE	Purchase	04/08/2019	U S TREASURY BILL	49,927,736.11			-49,927,736.11
39388	COMM	459052HH2	WBDN DISC NOTE	Purchase	04/08/2019	World Bank Discount	49,738,916.50			-49,738,916.50



**SANTA CLARA COUNTY INVESTMENTS**  
**Transaction Activity Report**  
**Sorted by Fund - Transaction Date**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39375	COMM	SYS39375	BCREPO 2.43% MAT	Redemption	04/08/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39377	COMM	313384EB1	FHDN DISC NOTE	Redemption	04/08/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39378	COMM	313384EB1	FHDN DISC NOTE	Redemption	04/08/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
36679	COMM	3130A7PU3	FEDERAL HOME	Interest	04/08/2019	FHLB NOTES			60,000.00	60,000.00
37639	COMM	3133EHEZ2	FEDERAL FARM CR	Interest	04/08/2019	FFCB NOTES			120,000.00	120,000.00
39375	COMM	SYS39375	BCREPO 2.43% MAT	Interest	04/08/2019	BARCLAYS CAPITAL			40,499.98	40,499.98
39398	COMM	SYS39398	BCREPO 2.42% MAT	Purchase	04/09/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39402	COMM	17327BUX1	CITIGR DISC NOTE	Purchase	04/09/2019	CITIGROUP GLOBAL	49,604,500.00			-49,604,500.00
39403	COMM	17327BUX1	CITIGR DISC NOTE	Purchase	04/09/2019	CITIGROUP GLOBAL	9,920,900.00			-9,920,900.00
39396	COMM	313384ED7	FHLBD DISC NOTE	Purchase	04/09/2019	FHLB DISCOUNT	199,987,333.32			-199,987,333.32
39397	COMM	313384ED7	FHLBD DISC NOTE	Purchase	04/09/2019	FHLB DISCOUNT	199,987,333.32			-199,987,333.32
39400	COMM	313384JV2X	FHDN DISC NOTE	Purchase	04/09/2019	FHLB DISCOUNT	49,626,472.22			-49,626,472.22
39395	COMM	63763QTM9	NSCCPP DISC NOTE	Purchase	04/09/2019	NATL SEC	49,747,541.67			-49,747,541.67
39385	COMM	313384EC9	FHLBD DISC NOTE	Redemption	04/09/2019	FHLB DISCO		200,000,000.00		200,000,000.00
39386	COMM	313384EC9	FHLBD DISC NOTE	Redemption	04/09/2019	FHLB DISCO		100,000,000.00		100,000,000.00
39415	COMM	SYS39415	BCREPO 2.43% MAT	Redemption	04/09/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39415	COMM	SYS39415	BCREPO 2.43% MAT	Interest	04/09/2019	BARCLAYS CAPITAL			13,500.01	13,500.01
39420	COMM	SYS39420	BCREPO 2.42% MAT	Purchase	04/10/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39418	COMM	09702MUA9	BOEING DISC NOTE	Purchase	04/10/2019	Boeing Company	49,671,389.00			-49,671,389.00
39419	COMM	09702MUA9	BOEING DISC NOTE	Purchase	04/10/2019	Boeing Company	7,450,708.35			-7,450,708.35
39401	COMM	16677KUX9	CHEVRO DISC NOTE	Purchase	04/10/2019	CHEVRON	39,696,355.56			-39,696,355.56
39421	COMM	313384EE52	FHDN DISC NOTE	Purchase	04/10/2019	FHLB DISCOUNT	99,993,611.12			-99,993,611.12
39422	COMM	313384EE52	FHDN DISC NOTE	Purchase	04/10/2019	FHLB DISCOUNT	199,987,222.24			-199,987,222.24
39413	COMM	9113A3TM6	UPS DISC NOTE	Purchase	04/10/2019	UNITED PARCEL	49,762,000.00			-49,762,000.00
39396	COMM	313384ED7	FHLBD DISC NOTE	Redemption	04/10/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39397	COMM	313384ED7	FHLBD DISC NOTE	Redemption	04/10/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39398	COMM	SYS39398	BCREPO 2.42% MAT	Redemption	04/10/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39398	COMM	SYS39398	BCREPO 2.42% MAT	Interest	04/10/2019	BARCLAYS CAPITAL			13,444.43	13,444.43
39423	COMM	SYS39423	BCREPO 2.4% MAT	Purchase	04/11/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39425	COMM	313384EF2	FHDN DISC NOTE	Purchase	04/11/2019	FHLB DISCOUNT	99,993,611.12			-99,993,611.12
39426	COMM	313384EF2	FHDN DISC NOTE	Purchase	04/11/2019	FHLB DISCOUNT	199,987,222.24			-199,987,222.24
39427	COMM	313384EF2	FHDN DISC NOTE	Purchase	04/11/2019	FHLB DISCOUNT	49,996,805.56			-49,996,805.56
39428	COMM	63873KRC3	NATXNY DISC NOTE	Purchase	04/11/2019	Natixis NY Branch	99,993,333.34			-99,993,333.34
34292	COMM	SYS34292	MSTI 0.%	Purchase	04/11/2019	MORGAN STANLEY	100,000,000.00			-100,000,000.00
37590	COMM	SYS37590	JPM TE 0.44%	Purchase	04/11/2019	JP MORGAN US	300,000,000.00			-300,000,000.00
39420	COMM	SYS39420	BCREPO 2.42% MAT	Redemption	04/11/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39421	COMM	313384EE52	FHDN DISC NOTE	Redemption	04/11/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
39422	COMM	313384EE52	FHDN DISC NOTE	Redemption	04/11/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39022	COMM	3133EHFD0	FEDERAL FARM CR	Interest	04/11/2019	FFCB NOTES			58,200.00	58,200.00
39022	COMM	3133EHFD0	FEDERAL FARM CR	Accr Int	04/11/2019	FFCB NOTES		15,843.33	-15,843.33	0.00

**SANTA CLARA COUNTY INVESTMENTS**  
**Transaction Activity Report**  
**Sorted by Fund - Transaction Date**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39420	COMM	SYS39420	BCREPO 2.42% MAT	Interest	04/11/2019	BARCLAYS CAPITAL			13,444.45	13,444.45
39437	COMM	SYS39437	BCREPO 2.4% MAT	Purchase	04/12/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39432	COMM	313384EJ4X	FHDN DISC NOTE	Purchase	04/12/2019	FHLB DISCOUNT	199,961,666.68			-199,961,666.68
39433	COMM	313384EJ4X	FHDN DISC NOTE	Purchase	04/12/2019	FHLB DISCOUNT	99,980,833.34			-99,980,833.34
39434	COMM	313384EJ4X	FHDN DISC NOTE	Purchase	04/12/2019	FHLB DISCOUNT	49,990,416.67			-49,990,416.67
39435	COMM	63873KRF6	NATXNY DISC NOTE	Purchase	04/12/2019	Natixis NY Branch	99,980,000.00			-99,980,000.00
39439	COMM	89236TFX8	TOYOTA MOTOR	Purchase	04/12/2019	TOYOTA MOTOR	24,984,250.00			-24,984,250.00
39436	COMM	9113A3RF3	UPS DISC NOTE	Purchase	04/12/2019	UNITED PARCEL	39,992,266.67			-39,992,266.67
39438	COMM	912828TH3	UNITED STATES	Purchase	04/12/2019	U.S. TREASURY	34,901,471.86			-34,901,471.86
39423	COMM	SYS39423	BCREPO 2.4% MAT	Redemption	04/12/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39425	COMM	313384EF2	FHDN DISC NOTE	Redemption	04/12/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
39426	COMM	313384EF2	FHDN DISC NOTE	Redemption	04/12/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39427	COMM	313384EF2	FHDN DISC NOTE	Redemption	04/12/2019	FHLB DISCOUNT		50,000,000.00		50,000,000.00
39428	COMM	63873KRC3	NATXNY DISC NOTE	Redemption	04/12/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
38310	COMM	3133EGYC3	FEDERAL FARM CR	Interest	04/12/2019	FFCB NOTES			73,957.50	73,957.50
38858	COMM	3130A9MR9	FEDERAL HOME	Interest	04/12/2019	FHLB NOTES			79,901.25	79,901.25
39423	COMM	SYS39423	BCREPO 2.4% MAT	Interest	04/12/2019	BARCLAYS CAPITAL			13,333.34	13,333.34
39440	COMM	SYS39440	BCREPO 2.43% MAT	Purchase	04/15/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39441	COMM	313384EK1	FHDN DISC NOTE	Purchase	04/15/2019	FHLB DISCOUNT	149,990,416.68			-149,990,416.68
39442	COMM	313384EK1	FHDN DISC NOTE	Purchase	04/15/2019	FHLB DISCOUNT	199,987,222.24			-199,987,222.24
39443	COMM	313384EK1	FHDN DISC NOTE	Purchase	04/15/2019	FHLB DISCOUNT	99,993,611.12			-99,993,611.12
8506	COMM	SYS8506	LAIF 1.65%	Purchase	04/15/2019	LOCAL AGENCY	260,448.78			-260,448.78
36753	COMM	89231UAD9	TOYO 1.3% MAT	Redemption	04/15/2019	TOYOTA AUTO REC		167,896.29		167,896.29
36753	COMM	89231UAD9	TOYO 1.3% MAT	Cap G/L	04/15/2019	TOYOTA AUTO REC		8.58		8.58
39432	COMM	313384EJ4X	FHDN DISC NOTE	Redemption	04/15/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39433	COMM	313384EJ4X	FHDN DISC NOTE	Redemption	04/15/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
39434	COMM	313384EJ4X	FHDN DISC NOTE	Redemption	04/15/2019	FHLB DISCOUNT		50,000,000.00		50,000,000.00
39435	COMM	63873KRF6	NATXNY DISC NOTE	Redemption	04/15/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
39436	COMM	9113A3RF3	UPS DISC NOTE	Redemption	04/15/2019	UNITED PARCEL		40,000,000.00		40,000,000.00
39437	COMM	SYS39437	BCREPO 2.4% MAT	Redemption	04/15/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
36688	COMM	3133EF2L0	FEDERAL FARM CR	Interest	04/15/2019	FFCB NOTES			140,000.00	140,000.00
36689	COMM	3133EF2L0	FEDERAL FARM CR	Interest	04/15/2019	FFCB NOTES			105,000.00	105,000.00
36690	COMM	3133EF2L0	FEDERAL FARM CR	Interest	04/15/2019	FFCB NOTES			105,000.00	105,000.00
36753	COMM	89231UAD9	TOYO 1.3% MAT	Interest	04/15/2019	TOYOTA AUTO REC			559.70	559.70
37665	COMM	3133EHFL2	FEDERAL FARM CR	Interest	04/15/2019	FFCB NOTES			116,250.00	116,250.00
37666	COMM	3133EHFL2	FEDERAL FARM CR	Interest	04/15/2019	FFCB NOTES			77,500.00	77,500.00
37667	COMM	3133EHFL2	FEDERAL FARM CR	Interest	04/15/2019	FFCB NOTES			77,500.00	77,500.00
38317	COMM	45818WBP0	IADB 1.42917% MAT	Interest	04/15/2019	IADB			321,300.00	321,300.00
38324	COMM	45818WBU9	IADB 1.64203% MAT	Interest	04/15/2019	IADB			177,250.00	177,250.00
38385	COMM	45818WBM7	IADB 1.92152% MAT	Interest	04/15/2019	IADB			149,400.00	149,400.00

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38506	COMM	3133EJGH6	FEDERAL FARM CR	Interest	04/15/2019	FFCB NOTES			280,600.00	<b>280,600.00</b>
38739	COMM	45818WBM7A	IADB 1.92152% MAT	Interest	04/15/2019	IADB			74,700.00	<b>74,700.00</b>
39437	COMM	SYS39437	BCREPO 2.4% MAT	Interest	04/15/2019	BARCLAYS CAPITAL			40,000.00	<b>40,000.00</b>
36557	COMM	65478UAD1	NALT 1.34% MAT	Interest	04/15/2019	NISSAN AUTO			1,481.08	<b>1,481.08</b>
36557	COMM	65478UAD1	NALT 1.34% MAT	Redemption	04/15/2019	NISSAN AUTO		252,440.90		<b>252,440.90</b>
36600	COMM	47788MAC4	JDOT 1.36% MAT	Interest	04/15/2019	JOHN DEERE			496.36	<b>496.36</b>
36600	COMM	47788MAC4	JDOT 1.36% MAT	Redemption	04/15/2019	JOHN DEERE		398,798.93		<b>398,798.93</b>
36601	COMM	89237KAD5	TAOT 1.25% MAT	Interest	04/15/2019	TOYOTA AUTO REC			1,017.59	<b>1,017.59</b>
36601	COMM	89237KAD5	TAOT 1.25% MAT	Redemption	04/15/2019	TOYOTA AUTO REC		566,264.45		<b>566,264.45</b>
36800	COMM	43814QAC2	HAROT 1.39% MAT	Interest	04/15/2019	HONDA AUTO			1,697.34	<b>1,697.34</b>
36800	COMM	43814QAC2	HAROT 1.39% MAT	Redemption	04/15/2019	HONDA AUTO		504,787.45		<b>504,787.45</b>
36905	COMM	47788NAC2	JDOT 1.25% MAT	Interest	04/15/2019	JOHN DEERE			1,760.21	<b>1,760.21</b>
36905	COMM	47788NAC2	JDOT 1.25% MAT	Redemption	04/15/2019	JOHN DEERE		391,882.88		<b>391,882.88</b>
36929	COMM	161571HF47	CHAIT 1.27% MAT	Interest	04/15/2019	CHASE ISSUANCE			24,341.66	<b>24,341.66</b>
36929	COMM	161571HF47	CHAIT 1.27% MAT	Redemption	04/15/2019	CHASE ISSUANCE		923,622.80		<b>923,622.80</b>
36956	COMM	58769BAD6	MBART 1.26% MAT	Interest	04/15/2019	MERCEDES -BENZ			4,228.98	<b>4,228.98</b>
36956	COMM	58769BAD6	MBART 1.26% MAT	Redemption	04/15/2019	MERCEDES -BENZ		501,060.89		<b>501,060.89</b>
37035	COMM	89231LAD9	TAOT 1.23% MAT	Interest	04/15/2019	TOYOTA AUTO REC			5,964.41	<b>5,964.41</b>
37035	COMM	89231LAD9	TAOT 1.23% MAT	Redemption	04/15/2019	TOYOTA AUTO REC		829,148.94		<b>829,148.94</b>
37507	COMM	47787XAC1	JDOT 1.78% MAT	Interest	04/15/2019	JOHN DEERE			8,410.14	<b>8,410.14</b>
37507	COMM	47787XAC1	JDOT 1.78% MAT	Redemption	04/15/2019	JOHN DEERE		560,731.32		<b>560,731.32</b>
37568	COMM	89238MAD0	TAOT 1.73% MAT	Interest	04/15/2019	TOYOTA AUTO REC			10,017.27	<b>10,017.27</b>
37568	COMM	89238MAD0	TAOT 1.73% MAT	Redemption	04/15/2019	TOYOTA AUTO REC		664,870.65		<b>664,870.65</b>
37862	COMM	02582JHG8	AMXCA 1.64% MAT	Interest	04/15/2019	American Express			46,466.68	<b>46,466.68</b>
37862	COMM	02582JHG8	AMXCA 1.64% MAT	Redemption	04/15/2019	American Express		1,136,982.94		<b>1,136,982.94</b>
37976	COMM	43811BAC8	HAROT 1.68% MAT	Interest	04/15/2019	HONDA AUTO			34,813.07	<b>34,813.07</b>
37976	COMM	43811BAC8	HAROT 1.68% MAT	Redemption	04/15/2019	HONDA AUTO		1,719,630.95		<b>1,719,630.95</b>
38137	COMM	89238KAD4	TAOT 1.93% MAT	Interest	04/15/2019	TOYOTA AUTO REC			38,599.99	<b>38,599.99</b>
38137	COMM	89238KAD4	TAOT 1.93% MAT	Redemption	04/15/2019	TOYOTA AUTO REC		734,241.69		<b>734,241.69</b>
38475	COMM	65478DAD9	NALT 2.65% MAT	Interest	04/15/2019	NISSAN AUTO			40,854.16	<b>40,854.16</b>
38475	COMM	65478DAD9	NALT 2.65% MAT	Redemption	04/15/2019	NISSAN AUTO		497,347.28		<b>497,347.28</b>
38476	COMM	47788CAC6	JDOT 2.66% MAT	Interest	04/15/2019	JOHN DEERE			18,287.50	<b>18,287.50</b>
38476	COMM	47788CAC6	JDOT 2.66% MAT	Redemption	04/15/2019	JOHN DEERE		225,948.78		<b>225,948.78</b>
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	Interest	04/15/2019	American Express			100,125.00	<b>100,125.00</b>
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	Redemption	04/15/2019	American Express		1,071,037.88		<b>1,071,037.88</b>
38708	COMM	161571HN7	CHAIT 2.1227% MAT	Interest	04/15/2019	CHASE ISSUANCE			85,507.26	<b>85,507.26</b>
38708	COMM	161571HN7	CHAIT 2.1227% MAT	Redemption	04/15/2019	CHASE ISSUANCE		639,480.40		<b>639,480.40</b>
38785	COMM	58769DAE0	MBALT 2.01% MAT	Interest	04/15/2019	MERCEDES-BENZ			6,700.00	<b>6,700.00</b>
38785	COMM	58769DAE0	MBALT 2.01% MAT	Redemption	04/15/2019	MERCEDES-BENZ		96,370.49		<b>96,370.49</b>
38958	COMM	89231PAD0	TAOT 3.18% MAT	Interest	04/15/2019	TOYOTA AUTO REC			26,500.00	<b>26,500.00</b>

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38958	COMM	89231PAD0	TAOT 3.18% MAT	Redemption	04/15/2019	TOYOTA AUTO REC		203,803.60		203,803.60
39013	COMM	43815AAC6	HAROT 3.16% MAT	Interest	04/15/2019	HONDA AUTO			57,274.99	57,274.99
39013	COMM	43815AAC6	HAROT 3.16% MAT	Redemption	04/15/2019	HONDA AUTO		453,103.71		453,103.71
39062	COMM	05522RCZ9	BACCT 3.0% MAT	Interest	04/15/2019	BANK OF AMERICA			50,350.00	50,350.00
39062	COMM	05522RCZ9	BACCT 3.0% MAT	Redemption	04/15/2019	BANK OF AMERICA		382,245.46		382,245.46
39082	COMM	05522RDA3	BACCT 3.1% MAT	Interest	04/15/2019	BANK OF AMERICA			38,750.00	38,750.00
39082	COMM	05522RDA3	BACCT 3.1% MAT	Redemption	04/15/2019	BANK OF AMERICA		261,933.70		261,933.70
39190	COMM	58772TAC4	MBALT 3.1% MAT	Interest	04/15/2019	MERCEDES-BENZ			25,833.33	25,833.33
39190	COMM	58772TAC4	MBALT 3.1% MAT	Redemption	04/15/2019	MERCEDES-BENZ		305,018.89		305,018.89
39220	COMM	05522RCY2	BACCT 2.7% MAT	Interest	04/15/2019	BANK OF AMERICA			56,250.00	56,250.00
39220	COMM	05522RCY2	BACCT 2.7% MAT	Redemption	04/15/2019	BANK OF AMERICA		497,244.02		497,244.02
39320	COMM	05522RCY2	BACCT 2.7% MAT	Interest	04/15/2019	BANK OF AMERICA			45,000.00	45,000.00
39320	COMM	05522RCY2	BACCT 2.7% MAT	Redemption	04/15/2019	BANK OF AMERICA				0.00
39320	COMM	05522RCY2	BACCT 2.7% MAT	Interest	04/15/2019	BANK OF AMERICA			-6,000.00	-6,000.00
39320	COMM	05522RCY2	BACCT 2.7% MAT	Redemption	04/15/2019	BANK OF AMERICA				0.00
8506	COMM	SYS8506	LAIF 1.65%	Interest	04/15/2019	LOCAL AGENCY			260,448.78	260,448.78
39444	COMM	SYS39444	BCREPO 2.42% MAT	Purchase	04/16/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39445	COMM	313384EL9	FHDN DISC NOTE	Purchase	04/16/2019	FHLB DISCOUNT	99,993,555.56			-99,993,555.56
39446	COMM	313384EL9	FHDN DISC NOTE	Purchase	04/16/2019	FHLB DISCOUNT	199,987,111.12			-199,987,111.12
39447	COMM	313384EL9	FHDN DISC NOTE	Purchase	04/16/2019	FHLB DISCOUNT	149,990,333.34			-149,990,333.34
39440	COMM	SYS39440	BCREPO 2.43% MAT	Redemption	04/16/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39441	COMM	313384EK1	FHDN DISC NOTE	Redemption	04/16/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39442	COMM	313384EK1	FHDN DISC NOTE	Redemption	04/16/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39443	COMM	313384EK1	FHDN DISC NOTE	Redemption	04/16/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
39440	COMM	SYS39440	BCREPO 2.43% MAT	Interest	04/16/2019	BARCLAYS CAPITAL			13,499.99	13,499.99
39448	COMM	SYS39448	BCREPO 2.47% MAT	Purchase	04/17/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39449	COMM	313384EM7	FHDN DISC NOTE	Purchase	04/17/2019	FHLB DISCOUNT	199,986,944.44			-199,986,944.44
39450	COMM	313384EM7	FHDN DISC NOTE	Purchase	04/17/2019	FHLB DISCOUNT	199,986,944.44			-199,986,944.44
39451	COMM	63873KRJ8	NATXNY DISC NOTE	Purchase	04/17/2019	Natixis NY Branch	99,993,333.34			-99,993,333.34
39452	COMM	89236TFX8	TOYOTA MOTOR	Purchase	04/17/2019	TOYOTA MOTOR	14,988,870.83			-14,988,870.83
39444	COMM	SYS39444	BCREPO 2.42% MAT	Redemption	04/17/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39445	COMM	313384EL9	FHDN DISC NOTE	Redemption	04/17/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
39446	COMM	313384EL9	FHDN DISC NOTE	Redemption	04/17/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39447	COMM	313384EL9	FHDN DISC NOTE	Redemption	04/17/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
37702	COMM	89236TDU6	TOYOTA MOTOR	Interest	04/17/2019	TOYOTA MOTOR			48,750.00	48,750.00
39444	COMM	SYS39444	BCREPO 2.42% MAT	Interest	04/17/2019	BARCLAYS CAPITAL			13,444.46	13,444.46
39456	COMM	SYS39456	BCREPO 2.46% MAT	Purchase	04/18/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39453	COMM	313384ER6	FHDN DISC NOTE	Purchase	04/18/2019	FHLB DISCOUNT	199,947,111.12			-199,947,111.12
39454	COMM	313384ER6	FHDN DISC NOTE	Purchase	04/18/2019	FHLB DISCOUNT	199,947,111.12			-199,947,111.12
39457	COMM	3138EKX67	FNMAM 2.537% MAT	Purchase	04/18/2019	FNMA Multi-Family	16,631,246.22			-16,631,246.22

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39455	COMM	63873KRN9	NATXNY DISC NOTE	Purchase	04/18/2019	Natixis NY Branch	99,973,333.34			-99,973,333.34
36587	COMM	43814NAC9	HAROT 1.22% MAT	Redemption	04/18/2019	HONDA AUTO		20,170.94		20,170.94
39448	COMM	SYS39448	BCREPO 2.47% MAT	Redemption	04/18/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39449	COMM	313384EM7	FHDN DISC NOTE	Redemption	04/18/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39450	COMM	313384EM7	FHDN DISC NOTE	Redemption	04/18/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39451	COMM	63873KRJ8	NATXNY DISC NOTE	Redemption	04/18/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
37057	COMM	89236TDH5	TOYOTA MOTOR	Interest	04/18/2019	TOYOTA MOTOR			38,750.00	38,750.00
39448	COMM	SYS39448	BCREPO 2.47% MAT	Interest	04/18/2019	BARCLAYS CAPITAL			13,722.23	13,722.23
36587	COMM	43814NAC9	HAROT 1.22% MAT	Interest	04/18/2019	HONDA AUTO			20.51	20.51
36587	COMM	43814NAC9	HAROT 1.22% MAT	Redemption	04/18/2019	HONDA AUTO		2,327.25		2,327.25
36587	COMM	43814NAC9	HAROT 1.22% MAT	Interest	04/18/2019	HONDA AUTO				0.00
36587	COMM	43814NAC9	HAROT 1.22% MAT	Redemption	04/18/2019	HONDA AUTO				0.00
37059	COMM	43814RAC0	HAROT 1.21% MAT	Interest	04/18/2019	HONDA AUTO			5,658.15	5,658.15
37059	COMM	43814RAC0	HAROT 1.21% MAT	Redemption	04/18/2019	HONDA AUTO		640,197.71		640,197.71
38738	COMM	43814UAG4	HAROT 3.01% MAT	Interest	04/18/2019	HONDA AUTO			30,100.00	30,100.00
38738	COMM	43814UAG4	HAROT 3.01% MAT	Redemption	04/18/2019	HONDA AUTO		323,033.90		323,033.90
39269	COMM	43814WAC9	HAROT 2.83% MAT	Interest	04/18/2019	HONDA AUTO			32,427.08	32,427.08
39269	COMM	43814WAC9	HAROT 2.83% MAT	Redemption	04/18/2019	HONDA AUTO		269,537.32		269,537.32
38943	COMM	3133EJK24	FEDERAL FARM CR	Interest	04/19/2019	FFCB NOTES			225,000.00	225,000.00
38943	COMM	3133EJK24	FEDERAL FARM CR	Accr Int	04/19/2019	FFCB NOTES		15,000.00	-15,000.00	0.00
39460	COMM	SYS39460	BCREPO 2.43% MAT	Purchase	04/22/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39458	COMM	313384ES4	FHDN DISC NOTE	Purchase	04/22/2019	FHLB DISCOUNT	199,986,944.44			-199,986,944.44
39459	COMM	313384ES4	FHDN DISC NOTE	Purchase	04/22/2019	FHLB DISCOUNT	199,986,944.44			-199,986,944.44
39461	COMM	63873KRP4	NATXNY DISC NOTE	Purchase	04/22/2019	Natixis NY Branch	99,993,333.34			-99,993,333.34
39462	COMM	912796QM4	UNITED STATES	Purchase	04/22/2019	U.S. TREASURY	99,611,583.30			-99,611,583.30
39453	COMM	313384ER6	FHDN DISC NOTE	Redemption	04/22/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39454	COMM	313384ER6	FHDN DISC NOTE	Redemption	04/22/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39455	COMM	63873KRN9	NATXNY DISC NOTE	Redemption	04/22/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
39456	COMM	SYS39456	BCREPO 2.46% MAT	Redemption	04/22/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
37725	COMM	3133EHGA5	FEDERAL FARM CR	Interest	04/22/2019	FFCB NOTES			180,000.00	180,000.00
37835	COMM	3137EAEF2	FHLMC 1.375% MAT	Interest	04/22/2019	FHLMC NOTES			309,375.00	309,375.00
39456	COMM	SYS39456	BCREPO 2.46% MAT	Interest	04/22/2019	BARCLAYS CAPITAL			54,666.65	54,666.65
37615	COMM	43814TAC6	HAROT 1.72% MAT	Interest	04/22/2019	HONDA AUTO			15,648.60	15,648.60
37615	COMM	43814TAC6	HAROT 1.72% MAT	Redemption	04/22/2019	HONDA AUTO		880,509.45		880,509.45
39327	COMM	05586VAD4	BMWLT 3.38% MAT	Interest	04/22/2019	BMW VEHICLE			18,250.00	18,250.00
39327	COMM	05586VAD4	BMWLT 3.38% MAT	Redemption	04/22/2019	BMW VEHICLE		171,016.50		171,016.50
39463	COMM	SYS39463	BCREPO 2.45% MAT	Purchase	04/23/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39467	COMM	09702MUP6	BOEING DISC NOTE	Purchase	04/23/2019	Boeing Company	49,671,388.89			-49,671,388.89
39464	COMM	313384ET2	FHDN DISC NOTE	Purchase	04/23/2019	FHLB DISCOUNT	199,986,833.32			-199,986,833.32
39465	COMM	313384ET2	FHDN DISC NOTE	Purchase	04/23/2019	FHLB DISCOUNT	199,986,833.32			-199,986,833.32

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39466	COMM	63873KRQ2	NATXNY DISC NOTE	Purchase	04/23/2019	Natixis NY Branch	107,992,800.01			-107,992,800.01
39458	COMM	313384ES4	FHDN DISC NOTE	Redemption	04/23/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39459	COMM	313384ES4	FHDN DISC NOTE	Redemption	04/23/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39460	COMM	SYS39460	BCREPO 2.43% MAT	Redemption	04/23/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39461	COMM	63873KRP4	NATXNY DISC NOTE	Redemption	04/23/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
39460	COMM	SYS39460	BCREPO 2.43% MAT	Interest	04/23/2019	BARCLAYS CAPITAL			13,500.00	13,500.00
39468	COMM	SYS39468	BCREPO 2.41% MAT	Purchase	04/24/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39469	COMM	313384EU9	FHDN DISC NOTE	Purchase	04/24/2019	FHLB DISCOUNT	199,986,944.44			-199,986,944.44
39470	COMM	313384EU9	FHDN DISC NOTE	Purchase	04/24/2019	FHLB DISCOUNT	199,986,944.44			-199,986,944.44
39472	COMM	3134GTGT4	FEDERAL HOME LN	Purchase	04/24/2019	FHLMC NOTES	25,000,000.00			-25,000,000.00
39473	COMM	3134GTFW8	FEDERAL HOME LN	Purchase	04/24/2019	FHLMC NOTES	25,000,000.00			-25,000,000.00
39471	COMM	63873KRR0	NATXNY DISC NOTE	Purchase	04/24/2019	Natixis NY Branch	99,993,333.34			-99,993,333.34
39463	COMM	SYS39463	BCREPO 2.45% MAT	Redemption	04/24/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39464	COMM	313384ET2	FHDN DISC NOTE	Redemption	04/24/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39465	COMM	313384ET2	FHDN DISC NOTE	Redemption	04/24/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39466	COMM	63873KRQ2	NATXNY DISC NOTE	Redemption	04/24/2019	Natixis NY Branch		108,000,000.00		108,000,000.00
37641	COMM	3130AB3T1	FEDERAL HOME	Interest	04/24/2019	FHLB NOTES			175,000.00	175,000.00
38907	COMM	90333VZU7	USBKMN 2.91% MAT	Interest	04/24/2019	US BANK			509,250.00	509,250.00
39463	COMM	SYS39463	BCREPO 2.45% MAT	Interest	04/24/2019	BARCLAYS CAPITAL			13,611.12	13,611.12
39474	COMM	SYS39474	BCREPO 2.41% MAT	Purchase	04/25/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39475	COMM	313384EV7	FHDN DISC NOTE	Purchase	04/25/2019	FHLB DISCOUNT	199,986,944.44			-199,986,944.44
39476	COMM	313384EV7	FHDN DISC NOTE	Purchase	04/25/2019	FHLB DISCOUNT	199,986,944.44			-199,986,944.44
39478	COMM	3134GTJV6	FEDERAL HOME LN	Purchase	04/25/2019	FHLMC NOTES	40,000,000.00			-40,000,000.00
39477	COMM	63873KRS8	NATXNY DISC NOTE	Purchase	04/25/2019	Natixis NY Branch	99,993,333.34			-99,993,333.34
39480	COMM	7426M3TM1	PEFCO DISC NOTE	Purchase	04/25/2019	PRIVATE EXPORT	24,904,208.33			-24,904,208.33
39479	COMM	71708FUX8	PFIZER DISC NOTE	Purchase	04/25/2019	PFIZER	49,665,888.89			-49,665,888.89
39468	COMM	SYS39468	BCREPO 2.41% MAT	Redemption	04/25/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39469	COMM	313384EU9	FHDN DISC NOTE	Redemption	04/25/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39470	COMM	313384EU9	FHDN DISC NOTE	Redemption	04/25/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39471	COMM	63873KRR0	NATXNY DISC NOTE	Redemption	04/25/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
39468	COMM	SYS39468	BCREPO 2.41% MAT	Interest	04/25/2019	BARCLAYS CAPITAL			13,388.89	13,388.89
36893	COMM	05582QAD9	BMWOT 1.16% MAT	Interest	04/25/2019	BMW VEHICLE			2,833.69	2,833.69
36893	COMM	05582QAD9	BMWOT 1.16% MAT	Redemption	04/25/2019	BMW VEHICLE		512,739.06		512,739.06
38387	COMM	3137AYCE9		Interest	04/25/2019	FHLMC Multi-Family			44,700.00	44,700.00
38387	COMM	3137AYCE9		Redemption	04/25/2019	FHLMC Multi-Family		537,891.61		537,891.61
38391	COMM	3137AYCE9		Interest	04/25/2019	FHLMC Multi-Family			16,762.50	16,762.50
38391	COMM	3137AYCE9		Redemption	04/25/2019	FHLMC Multi-Family		201,608.04		201,608.04
38412	COMM	09659QAD9	BMWOT 2.35% MAT	Interest	04/25/2019	BMW VEHICLE			62,666.66	62,666.66
38412	COMM	09659QAD9	BMWOT 2.35% MAT	Redemption	04/25/2019	BMW VEHICLE		913,752.36		913,752.36
38465	COMM	3137AWQH1	FHLMCM 2.307%	Interest	04/25/2019	FHLMC Multi-Family			10,727.55	10,727.55

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38465	COMM	3137AWQH1	FHLMCM 2.307%	Redemption	04/25/2019	FHLMC Multi-Family		152,400.74		152,400.74
38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	Interest	04/25/2019	FNMA Multi-Family			7,740.80	7,740.80
38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	Redemption	04/25/2019	FNMA Multi-Family		5,529.64		5,529.64
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	Interest	04/25/2019	FHLMC Multi-Family			55,333.34	55,333.34
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	Redemption	04/25/2019	FHLMC Multi-Family		499,519.10		499,519.10
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	Interest	04/25/2019	FNMA Multi-Family			10,427.57	10,427.57
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	Redemption	04/25/2019	FNMA Multi-Family		66,103.75		66,103.75
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	Interest	04/25/2019	FNMA Multi-Family			10,427.57	10,427.57
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	Redemption	04/25/2019	FNMA Multi-Family		66,103.75		66,103.75
38666	COMM	3137AYCE9		Interest	04/25/2019	FHLMC Multi-Family			26,250.08	26,250.08
38666	COMM	3137AYCE9		Redemption	04/25/2019	FHLMC Multi-Family		309,988.54		309,988.54
38744	COMM	3137AYCE9		Interest	04/25/2019	FHLMC Multi-Family			44,700.00	44,700.00
38744	COMM	3137AYCE9		Redemption	04/25/2019	FHLMC Multi-Family		528,052.31		528,052.31
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	Interest	04/25/2019	FHLMC Multi-Family			12,176.25	12,176.25
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	Redemption	04/25/2019	FHLMC Multi-Family		108,230.09		108,230.09
38864	COMM	3137B5JM6	FHLMCM 3.531%	Interest	04/25/2019	FHLMC Multi-Family			29,425.00	29,425.00
38864	COMM	3137B5JM6	FHLMCM 3.531%	Redemption	04/25/2019	FHLMC Multi-Family		228,218.66		228,218.66
38884	COMM	31381N7G2	FNMAM 3.27% MAT	Interest	04/25/2019	FNMA Multi-Family			9,711.31	9,711.31
38884	COMM	31381N7G2	FNMAM 3.27% MAT	Redemption	04/25/2019	FNMA Multi-Family		6,229.22		6,229.22
38945	COMM	3137B3NA2	FHLMC REMIC	Interest	04/25/2019	FHLMC Multi-Family			28,723.99	28,723.99
38945	COMM	3137B3NA2	FHLMC REMIC	Redemption	04/25/2019	FHLMC Multi-Family		251,889.84		251,889.84
39026	COMM	3137B5KW2	FHLMC SERIES	Interest	04/25/2019	FHLMC Multi-Family			28,816.67	28,816.67
39026	COMM	3137B5KW2	FHLMC SERIES	Redemption	04/25/2019	FHLMC Multi-Family		224,011.31		224,011.31
39093	COMM	3137FBUV6	FHLMCM 2.52688%	Interest	04/25/2019	FHLMC Multi-Family			46,678.76	46,678.76
39093	COMM	3137FBUV6	FHLMCM 2.52688%	Redemption	04/25/2019	FHLMC Multi-Family		1,283,601.45		1,283,601.45
39150	COMM	31381TYT1	FNMAM 2.75% MAT	Interest	04/25/2019	FNMA Multi-Family			71,025.65	71,025.65
39150	COMM	31381TYT1	FNMAM 2.75% MAT	Redemption	04/25/2019	FNMA Multi-Family		60,178.35		60,178.35
39158	COMM	31381RZ23	FNMAM 3.84% MAT	Interest	04/25/2019	FNMA Multi-Family			48,051.02	48,051.02
39158	COMM	31381RZ23	FNMAM 3.84% MAT	Redemption	04/25/2019	FNMA Multi-Family		25,395.65		25,395.65
39218	COMM	31381RLL6	FNMAM 3.84% MAT	Interest	04/25/2019	FNMA Multi-Family			39,292.04	39,292.04
39218	COMM	31381RLL6	FNMAM 3.84% MAT	Redemption	04/25/2019	FNMA Multi-Family		19,428.11		19,428.11
39219	COMM	31381RLL6	FNMAM 3.84% MAT	Interest	04/25/2019	FNMA Multi-Family			6,558.75	6,558.75
39219	COMM	31381RLL6	FNMAM 3.84% MAT	Redemption	04/25/2019	FNMA Multi-Family		3,243.00		3,243.00
39295	COMM	3137B04Y7	FHLMCM 2.615%	Interest	04/25/2019	FHLMC Multi-Family			58,837.51	58,837.51
39295	COMM	3137B04Y7	FHLMCM 2.615%	Redemption	04/25/2019	FHLMC Multi-Family		676,046.24		676,046.24
39295	COMM	3137B04Y7	FHLMCM 2.615%	Interest	04/25/2019	FHLMC Multi-Family			-19,612.50	-19,612.50
39295	COMM	3137B04Y7	FHLMCM 2.615%	Redemption	04/25/2019	FHLMC Multi-Family				0.00
39319	COMM	3138LGKH8	FNMAM 2.47% MAT	Interest	04/25/2019	FNMA Multi-Family			53,173.61	53,173.61
39319	COMM	3138LGKH8	FNMAM 2.47% MAT	Redemption	04/25/2019	FNMA Multi-Family		511,648.01		511,648.01
39319	COMM	3138LGKH8	FNMAM 2.47% MAT	Interest	04/25/2019	FNMA Multi-Family			-30,875.00	-30,875.00

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39319	COMM	3138LGKH8	FNMAM 2.47% MAT	Redemption	04/25/2019	FNMA Multi-Family				<b>0.00</b>
39342	COMM	3137BQR90	FHLMCM 2.272%	Interest	04/25/2019	FHLMC Multi-Family			44,303.99	<b>44,303.99</b>
39342	COMM	3137BQR90	FHLMCM 2.272%	Redemption	04/25/2019	FHLMC Multi-Family		585,127.71		<b>585,127.71</b>
39342	COMM	3137BQR90	FHLMCM 2.272%	Interest	04/25/2019	FHLMC Multi-Family			-36,920.00	<b>-36,920.00</b>
39342	COMM	3137BQR90	FHLMCM 2.272%	Redemption	04/25/2019	FHLMC Multi-Family				<b>0.00</b>
39481	COMM	SYS39481	BCREPO 2.45% MAT	Purchase	04/26/2019	BARCLAYS CAPITAL	200,000,000.00			<b>-200,000,000.00</b>
39483	COMM	313384EY1	FHDN DISC NOTE	Purchase	04/26/2019	FHLB DISCOUNT	199,960,833.32			<b>-199,960,833.32</b>
39484	COMM	313384EY1	FHDN DISC NOTE	Purchase	04/26/2019	FHLB DISCOUNT	199,960,833.32			<b>-199,960,833.32</b>
39485	COMM	59157UUQ1	METSHR DISC NOTE	Purchase	04/26/2019	METLIFE SHORT	14,041,674.93			<b>-14,041,674.93</b>
39482	COMM	63873KRV1	NATXNY DISC NOTE	Purchase	04/26/2019	Natixis NY Branch	99,980,000.00			<b>-99,980,000.00</b>
36721	COMM	3134G9DD6	FEDERAL HOME LN	Redemption	04/26/2019	FHLMC NOTES		12,000,000.00		<b>12,000,000.00</b>
36726	COMM	3133EF4Y0	FEDERAL FARM CR	Redemption	04/26/2019	FFCB NOTES		26,855,000.00		<b>26,855,000.00</b>
39474	COMM	SYS39474	BCREPO 2.41% MAT	Redemption	04/26/2019	BARCLAYS CAPITAL	200,000,000.00			<b>200,000,000.00</b>
39475	COMM	313384EV7	FHDN DISC NOTE	Redemption	04/26/2019	FHLB DISCOUNT	200,000,000.00			<b>200,000,000.00</b>
39476	COMM	313384EV7	FHDN DISC NOTE	Redemption	04/26/2019	FHLB DISCOUNT	200,000,000.00			<b>200,000,000.00</b>
39477	COMM	63873KRS8	NATXNY DISC NOTE	Redemption	04/26/2019	Natixis NY Branch		100,000,000.00		<b>100,000,000.00</b>
36721	COMM	3134G9DD6	FEDERAL HOME LN	Interest	04/26/2019	FHLMC NOTES			69,000.00	<b>69,000.00</b>
36726	COMM	3133EF4Y0	FEDERAL FARM CR	Interest	04/26/2019	FFCB NOTES			134,275.00	<b>134,275.00</b>
37621	COMM	3134GBEW8	FEDERAL HOME LN	Interest	04/26/2019	FHLMC NOTES			187,500.00	<b>187,500.00</b>
37668	COMM	3134GBEW8	FEDERAL HOME LN	Interest	04/26/2019	FHLMC NOTES			60,000.00	<b>60,000.00</b>
38081	COMM	3133EHJ95	FEDERAL FARM CR	Interest	04/26/2019	FFCB NOTES			87,500.00	<b>87,500.00</b>
38082	COMM	3133EHJ95	FEDERAL FARM CR	Interest	04/26/2019	FFCB NOTES			43,750.00	<b>43,750.00</b>
38921	COMM	3130AFA72	FEDERAL HOME	Interest	04/26/2019	FHLB NOTES			195,000.00	<b>195,000.00</b>
39474	COMM	SYS39474	BCREPO 2.41% MAT	Interest	04/26/2019	BARCLAYS CAPITAL			13,388.89	<b>13,388.89</b>
39486	COMM	SYS39486	BCREPO 2.46% MAT	Purchase	04/29/2019	BARCLAYS CAPITAL	200,000,000.00			<b>-200,000,000.00</b>
39487	COMM	313384EZ8	FHDN DISC NOTE	Purchase	04/29/2019	FHLB DISCOUNT	199,986,944.44			<b>-199,986,944.44</b>
39488	COMM	313384EZ8	FHDN DISC NOTE	Purchase	04/29/2019	FHLB DISCOUNT	199,986,944.44			<b>-199,986,944.44</b>
39495	COMM	4581X0DF2	IADB 2.625% MAT	Purchase	04/29/2019	IADB	17,293,087.08			<b>-17,293,087.08</b>
39489	COMM	594918BX1	MICROSOFT CORP,	Purchase	04/29/2019	MICROSOFT CORP	6,601,585.07			<b>-6,601,585.07</b>
39490	COMM	63873KRW9	NATXNY DISC NOTE	Purchase	04/29/2019	Natixis NY Branch	99,993,333.34			<b>-99,993,333.34</b>
39481	COMM	SYS39481	BCREPO 2.45% MAT	Redemption	04/29/2019	BARCLAYS CAPITAL		200,000,000.00		<b>200,000,000.00</b>
39482	COMM	63873KRV1	NATXNY DISC NOTE	Redemption	04/29/2019	Natixis NY Branch		100,000,000.00		<b>100,000,000.00</b>
39483	COMM	313384EY1	FHDN DISC NOTE	Redemption	04/29/2019	FHLB DISCOUNT		200,000,000.00		<b>200,000,000.00</b>
39484	COMM	313384EY1	FHDN DISC NOTE	Redemption	04/29/2019	FHLB DISCOUNT		200,000,000.00		<b>200,000,000.00</b>
36729	COMM	3134G9AV9	FEDERAL HOME LN	Interest	04/29/2019	FHLMC NOTES			93,750.00	<b>93,750.00</b>
36730	COMM	3134G9AV9	FEDERAL HOME LN	Interest	04/29/2019	FHLMC NOTES			26,562.50	<b>26,562.50</b>
36773	COMM	90331HML4	USB 2.125% MAT	Interest	04/29/2019	U S BANK			208,133.13	<b>208,133.13</b>
37696	COMM	3134GBEF5	FEDERAL HOME LN	Interest	04/29/2019	FHLMC NOTES			30,940.00	<b>30,940.00</b>
38090	COMM	3134GBU83	FEDERAL HOME LN	Interest	04/29/2019	FHLMC NOTES			150,000.00	<b>150,000.00</b>
38529	COMM	191216BT6	KOPP 1.875% MAT	Interest	04/29/2019	Coca-Cola Co			70,312.50	<b>70,312.50</b>



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39481	COMM	SYS39481	BCREPO 2.45% MAT	Interest	04/29/2019	BARCLAYS CAPITAL			40,833.33	40,833.33
39491	COMM	SYS39491	BCREPO 2.75% MAT	Purchase	04/30/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39496	COMM	084670BJ6	BERKSHIRE	Purchase	04/30/2019	BERKSHIRE	10,737,335.00			-10,737,335.00
39493	COMM	313384FA2	FHDN DISC NOTE	Purchase	04/30/2019	FHLB DISCOUNT	199,987,222.24			-199,987,222.24
39494	COMM	313384FA2	FHDN DISC NOTE	Purchase	04/30/2019	FHLB DISCOUNT	199,986,944.44			-199,986,944.44
39492	COMM	63873KS16	NATXNY DISC NOTE	Purchase	04/30/2019	Natixis NY Branch	99,993,333.34			-99,993,333.34
39379	COMM	16677KRW5	CVX DISC NOTE	Redemption	04/30/2019	CHEVRON CORP.		50,000,000.00		50,000,000.00
39380	COMM	24422MRW3	JDCCP DISC NOTE	Redemption	04/30/2019	John Deere Capital C		50,000,000.00		50,000,000.00
39381	COMM	912796UZ09	USTB DISC NOTE	Redemption	04/30/2019	U S TREASURY BILL		50,000,000.00		50,000,000.00
39431	COMM	912796UZ09	USTB DISC NOTE	Redemption	04/30/2019	U S TREASURY BILL		50,000,000.00		50,000,000.00
39486	COMM	SYS39486	BCREPO 2.46% MAT	Redemption	04/30/2019	BARCLAYS CAPITAL	200,000,000.00			200,000,000.00
39487	COMM	313384EZ8	FHDN DISC NOTE	Redemption	04/30/2019	FHLB DISCOUNT	200,000,000.00			200,000,000.00
39488	COMM	313384EZ8	FHDN DISC NOTE	Redemption	04/30/2019	FHLB DISCOUNT	200,000,000.00			200,000,000.00
39490	COMM	63873KRW9	NATXNY DISC NOTE	Redemption	04/30/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
39486	COMM	SYS39486	BCREPO 2.46% MAT	Interest	04/30/2019	BARCLAYS CAPITAL			13,666.68	13,666.68
39497	COMM	SYS39497	BCREPO 2.5% MAT	Purchase	05/01/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39498	COMM	313384FB0	FHDN DISC NOTE	Purchase	05/01/2019	FHLB DISCOUNT	199,986,944.44			-199,986,944.44
39499	COMM	313384FB0	FHDN DISC NOTE	Purchase	05/01/2019	FHLB DISCOUNT	199,986,944.44			-199,986,944.44
39500	COMM	63873KS24	NATXNY DISC NOTE	Purchase	05/01/2019	Natixis NY Branch	99,993,333.34			-99,993,333.34
39491	COMM	SYS39491	BCREPO 2.75% MAT	Redemption	05/01/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39492	COMM	63873KS16	NATXNY DISC NOTE	Redemption	05/01/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
39493	COMM	313384FA2	FHDN DISC NOTE	Redemption	05/01/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39494	COMM	313384FA2	FHDN DISC NOTE	Redemption	05/01/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39491	COMM	SYS39491	BCREPO 2.75% MAT	Interest	05/01/2019	BARCLAYS CAPITAL			15,277.78	15,277.78
39503	COMM	SYS39503	BCREPO 2.46% MAT	Purchase	05/02/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39501	COMM	313384FC8	FHDN DISC NOTE	Purchase	05/02/2019	FHLB DISCOUNT	199,987,055.56			-199,987,055.56
39502	COMM	313384FC8	FHDN DISC NOTE	Purchase	05/02/2019	FHLB DISCOUNT	199,987,055.56			-199,987,055.56
39504	COMM	313384FC8	FHDN DISC NOTE	Purchase	05/02/2019	FHLB DISCOUNT	49,996,791.67			-49,996,791.67
39497	COMM	SYS39497	BCREPO 2.5% MAT	Redemption	05/02/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39498	COMM	313384FB0	FHDN DISC NOTE	Redemption	05/02/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39499	COMM	313384FB0	FHDN DISC NOTE	Redemption	05/02/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39500	COMM	63873KS24	NATXNY DISC NOTE	Redemption	05/02/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
38126	COMM	3133EHP31	FFCB 1.95% MAT	Interest	05/02/2019	FFCB NOTES			97,256.25	97,256.25
39497	COMM	SYS39497	BCREPO 2.5% MAT	Interest	05/02/2019	BARCLAYS CAPITAL			13,888.89	13,888.89
34292	COMM	SYS34292	MSTI 0.%	Interest	05/02/2019	MORGAN STANLEY			126,326.69	126,326.69
34292	COMM	SYS34292	MSTI 0.%	Purchase	05/02/2019	MORGAN STANLEY	126,326.69			-126,326.69
37590	COMM	SYS37590	JPM TE 0.44%	Interest	05/02/2019	JP MORGAN US			375,570.59	375,570.59
37590	COMM	SYS37590	JPM TE 0.44%	Purchase	05/02/2019	JP MORGAN US	375,570.59			-375,570.59
39507	COMM	SYS39507	BCREPO 2.41% MAT	Purchase	05/03/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39505	COMM	313384FF1	FHDN DISC NOTE	Purchase	05/03/2019	FHLB DISCOUNT	199,961,166.68			-199,961,166.68

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39506	COMM	313384FF1	FHDN DISC NOTE	Purchase	05/03/2019	FHLB DISCOUNT	199,961,166.68			-199,961,166.68
39508	COMM	63873KS65	NATXNY DISC NOTE	Purchase	05/03/2019	Natixis NY Branch	99,980,416.66			-99,980,416.66
39501	COMM	313384FC8	FHDN DISC NOTE	Redemption	05/03/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39502	COMM	313384FC8	FHDN DISC NOTE	Redemption	05/03/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39503	COMM	SYS39503	BCREPO 2.46% MAT	Redemption	05/03/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39504	COMM	313384FC8	FHDN DISC NOTE	Redemption	05/03/2019	FHLB DISCOUNT		50,000,000.00		50,000,000.00
37761	COMM	3133EHHG1	FFCB 1.75% MAT	Interest	05/03/2019	FFCB NOTES			43,750.00	43,750.00
37762	COMM	3133EHHG1	FFCB 1.75% MAT	Interest	05/03/2019	FFCB NOTES			87,500.00	87,500.00
38524	COMM	742718EQ8	PG 1.7% MAT	Interest	05/03/2019	PROCTER &			170,000.00	170,000.00
38526	COMM	742718EQ8	PG 1.7% MAT	Interest	05/03/2019	PROCTER &			85,000.00	85,000.00
39503	COMM	SYS39503	BCREPO 2.46% MAT	Interest	05/03/2019	BARCLAYS CAPITAL			13,666.67	13,666.67
39510	COMM	SYS39510	BCREPO 2.4% MAT	Purchase	05/06/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39511	COMM	313384FG9	FHDN DISC NOTE	Purchase	05/06/2019	FHLB DISCOUNT	199,987,055.56			-199,987,055.56
39512	COMM	313384FG9	FHDN DISC NOTE	Purchase	05/06/2019	FHLB DISCOUNT	199,987,055.56			-199,987,055.56
39513	COMM	63873KS73	NATXNY DISC NOTE	Purchase	05/06/2019	Natixis NY Branch	99,993,472.22			-99,993,472.22
39505	COMM	313384FF1	FHDN DISC NOTE	Redemption	05/06/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39506	COMM	313384FF1	FHDN DISC NOTE	Redemption	05/06/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39507	COMM	SYS39507	BCREPO 2.41% MAT	Redemption	05/06/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39508	COMM	63873KS65	NATXNY DISC NOTE	Redemption	05/06/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
39507	COMM	SYS39507	BCREPO 2.41% MAT	Interest	05/06/2019	BARCLAYS CAPITAL			40,166.66	40,166.66
39516	COMM	SYS39516	BCREPO 2.42% MAT	Purchase	05/07/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39514	COMM	313384FH7	FHDN DISC NOTE	Purchase	05/07/2019	FHLB DISCOUNT	199,987,166.68			-199,987,166.68
39515	COMM	313384FH7	FHDN DISC NOTE	Purchase	05/07/2019	FHLB DISCOUNT	199,987,166.68			-199,987,166.68
39518	COMM	45920GWS1	IBM DISC NOTE MAT	Purchase	05/07/2019	IBM	39,599,244.44			-39,599,244.44
39517	COMM	63873KS81	NATXNY DISC NOTE	Purchase	05/07/2019	Natixis NY Branch	99,993,472.22			-99,993,472.22
39510	COMM	SYS39510	BCREPO 2.4% MAT	Redemption	05/07/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39511	COMM	313384FG9	FHDN DISC NOTE	Redemption	05/07/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39512	COMM	313384FG9	FHDN DISC NOTE	Redemption	05/07/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39513	COMM	63873KS73	NATXNY DISC NOTE	Redemption	05/07/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
39510	COMM	SYS39510	BCREPO 2.4% MAT	Interest	05/07/2019	BARCLAYS CAPITAL			13,333.34	13,333.34
39519	COMM	SYS39519	BCREPO 2.4% MAT	Purchase	05/08/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39520	COMM	313384FJ3	FHDN DISC NOTE	Purchase	05/08/2019	FHLB DISCOUNT	199,987,277.76			-199,987,277.76
39521	COMM	313384FJ3	FHDN DISC NOTE	Purchase	05/08/2019	FHLB DISCOUNT	199,987,277.76			-199,987,277.76
39523	COMM	24422MTH4	JDCCP DISC NOTE	Purchase	05/08/2019	John Deere Capital C	59,838,000.00			-59,838,000.00
39522	COMM	63873KS99	NATXNY DISC NOTE	Purchase	05/08/2019	Natixis NY Branch	99,993,472.22			-99,993,472.22
38942	COMM	3130AFC54	FEDERAL HOME	Redemption	05/08/2019	FHLB NOTES		14,997,000.00		14,997,000.00
38942	COMM	3130AFC54	FEDERAL HOME	Cap G/L	05/08/2019	FHLB NOTES		3,000.00		3,000.00
39514	COMM	313384FH7	FHDN DISC NOTE	Redemption	05/08/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39515	COMM	313384FH7	FHDN DISC NOTE	Redemption	05/08/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39516	COMM	SYS39516	BCREPO 2.42% MAT	Redemption	05/08/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00

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39517	COMM	63873KS81	NATXNY DISC NOTE	Redemption	05/08/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
37793	COMM	3133EHJA2	FEDERAL FARM CR	Interest	05/08/2019	FFCB NOTES			271,250.00	271,250.00
38942	COMM	3130AFC54	FEDERAL HOME	Interest	05/08/2019	FHLB NOTES			254,583.30	254,583.30
38942	COMM	3130AFC54	FEDERAL HOME	Accr Int	05/08/2019	FHLB NOTES		1,354.17	-1,354.17	0.00
39516	COMM	SYS39516	BCREPO 2.42% MAT	Interest	05/08/2019	BARCLAYS CAPITAL			13,444.44	13,444.44
39524	COMM	SYS39524	BCREPO 2.37% MAT	Purchase	05/09/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39525	COMM	313384FK0	FHDN DISC NOTE	Purchase	05/09/2019	FHLB DISCOUNT	199,987,500.00			-199,987,500.00
39526	COMM	313384FK0	FHDN DISC NOTE	Purchase	05/09/2019	FHLB DISCOUNT	199,987,500.00			-199,987,500.00
39527	COMM	92826CAC6	VISA INC, SR GLBL	Purchase	05/09/2019	VISA	11,350,424.29			-11,350,424.29
39519	COMM	SYS39519	BCREPO 2.4% MAT	Redemption	05/09/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39520	COMM	313384FJ3	FHDN DISC NOTE	Redemption	05/09/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39521	COMM	313384FJ3	FHDN DISC NOTE	Redemption	05/09/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39522	COMM	63873KS99	NATXNY DISC NOTE	Redemption	05/09/2019	Natixis NY Branch		100,000,000.00		100,000,000.00
39519	COMM	SYS39519	BCREPO 2.4% MAT	Interest	05/09/2019	BARCLAYS CAPITAL			13,333.34	13,333.34
39528	COMM	SYS39528	BCREPO 2.36% MAT	Purchase	05/10/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39529	COMM	313384FN4	FHDN DISC NOTE	Purchase	05/10/2019	FHLB DISCOUNT	199,962,500.00			-199,962,500.00
39530	COMM	313384FN4	FHDN DISC NOTE	Purchase	05/10/2019	FHLB DISCOUNT	149,971,875.00			-149,971,875.00
39531	COMM	2546R3WV5	WALTPP DISC NOTE	Purchase	05/10/2019	Walt Disney Company	49,531,555.56			-49,531,555.56
39524	COMM	SYS39524	BCREPO 2.37% MAT	Redemption	05/10/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39525	COMM	313384FK0	FHDN DISC NOTE	Redemption	05/10/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39526	COMM	313384FK0	FHDN DISC NOTE	Redemption	05/10/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39524	COMM	SYS39524	BCREPO 2.37% MAT	Interest	05/10/2019	BARCLAYS CAPITAL			13,166.68	13,166.68
39532	COMM	SYS39532	BCREPO 2.35% MAT	Purchase	05/13/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39533	COMM	313384FP9	FHDN DISC NOTE	Purchase	05/13/2019	FHLB DISCOUNT	49,996,875.00			-49,996,875.00
39534	COMM	313384FP9	FHDN DISC NOTE	Purchase	05/13/2019	FHLB DISCOUNT	199,987,500.00			-199,987,500.00
39528	COMM	SYS39528	BCREPO 2.36% MAT	Redemption	05/13/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39529	COMM	313384FN4	FHDN DISC NOTE	Redemption	05/13/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39530	COMM	313384FN4	FHDN DISC NOTE	Redemption	05/13/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
37663	COMM	4581X0CX4	IADB 1.625% MAT	Interest	05/13/2019	IADB			284,375.00	284,375.00
38124	COMM	037833DJ6	APPLE INC, SR NT	Interest	05/13/2019	APPLE INC			450,000.00	450,000.00
39528	COMM	SYS39528	BCREPO 2.36% MAT	Interest	05/13/2019	BARCLAYS CAPITAL			39,333.34	39,333.34
39535	COMM	SYS39535	BCREPO 2.35% MAT	Purchase	05/14/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39536	COMM	313384FQ7	FHDN DISC NOTE	Purchase	05/14/2019	FHLB DISCOUNT	99,993,750.00			-99,993,750.00
39537	COMM	313384FQ7	FHDN DISC NOTE	Purchase	05/14/2019	FHLB DISCOUNT	199,987,500.00			-199,987,500.00
39532	COMM	SYS39532	BCREPO 2.35% MAT	Redemption	05/14/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39533	COMM	313384FP9	FHDN DISC NOTE	Redemption	05/14/2019	FHLB DISCOUNT		50,000,000.00		50,000,000.00
39534	COMM	313384FP9	FHDN DISC NOTE	Redemption	05/14/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39532	COMM	SYS39532	BCREPO 2.35% MAT	Interest	05/14/2019	BARCLAYS CAPITAL			13,055.56	13,055.56
39538	COMM	SYS39538	BCREPO 2.45% MAT	Purchase	05/15/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39539	COMM	313384FR5	FHDN DISC NOTE	Purchase	05/15/2019	FHLB DISCOUNT	199,987,222.24			-199,987,222.24

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39540	COMM	313384FR5	FHDN DISC NOTE	Purchase	05/15/2019	FHLB DISCOUNT	99,993,611.12			-99,993,611.12
35763	COMM	91412GWW3		Redemption	05/15/2019	UNIVERSITY		250,000.00		250,000.00
36600	COMM	47788MAC4	JDOT 1.36% MAT	Redemption	05/15/2019	JOHN DEERE		39,159.78		39,159.78
36601	COMM	89237KAD5	TAOT 1.25% MAT	Redemption	05/15/2019	TOYOTA AUTO REC		410,594.03		410,594.03
36710	COMM	91412GD36	UNIVCA 1.169% MAT	Redemption	05/15/2019	UNIVERSITY		3,000,000.00		3,000,000.00
37862	COMM	02582JHG8	AMXCA 1.64% MAT	Redemption	05/15/2019	American Express		0.01		0.01
39535	COMM	SYS39535	BCREPO 2.35% MAT	Redemption	05/15/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39536	COMM	313384FQ7	FHDN DISC NOTE	Redemption	05/15/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
39537	COMM	313384FQ7	FHDN DISC NOTE	Redemption	05/15/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
35763	COMM	91412GWW3		Interest	05/15/2019	UNIVERSITY			2,503.75	2,503.75
36710	COMM	91412GD36	UNIVCA 1.169% MAT	Interest	05/15/2019	UNIVERSITY			17,535.00	17,535.00
37108	COMM	3130AA3R7	FHLB 1.375% MAT	Interest	05/15/2019	FHLB NOTES			240,625.00	240,625.00
38326	COMM	3133EGG82	FEDERAL FARM CR	Interest	05/15/2019	FFCB NOTES			15,200.00	15,200.00
39314	COMM	91412GWY7	UNIVERSITY CALIF	Interest	05/15/2019	UNIVERSITY			56,520.00	56,520.00
39314	COMM	91412GWY7	UNIVERSITY CALIF	Accr Int	05/15/2019	UNIVERSITY		37,680.00	-37,680.00	0.00
39535	COMM	SYS39535	BCREPO 2.35% MAT	Interest	05/15/2019	BARCLAYS CAPITAL			13,055.56	13,055.56
36600	COMM	47788MAC4	JDOT 1.36% MAT	Interest	05/15/2019	JOHN DEERE			44.42	44.42
36600	COMM	47788MAC4	JDOT 1.36% MAT	Redemption	05/15/2019	JOHN DEERE		3,433.90		3,433.90
36600	COMM	47788MAC4	JDOT 1.36% MAT	Interest	05/15/2019	JOHN DEERE				0.00
36600	COMM	47788MAC4	JDOT 1.36% MAT	Redemption	05/15/2019	JOHN DEERE				0.00
36601	COMM	89237KAD5	TAOT 1.25% MAT	Interest	05/15/2019	TOYOTA AUTO REC			427.65	427.65
36601	COMM	89237KAD5	TAOT 1.25% MAT	Redemption	05/15/2019	TOYOTA AUTO REC		35,980.58		35,980.58
36601	COMM	89237KAD5	TAOT 1.25% MAT	Interest	05/15/2019	TOYOTA AUTO REC				0.00
36601	COMM	89237KAD5	TAOT 1.25% MAT	Redemption	05/15/2019	TOYOTA AUTO REC				0.00
36800	COMM	43814QAC2	HAROT 1.39% MAT	Interest	05/15/2019	HONDA AUTO			1,112.63	1,112.63
36800	COMM	43814QAC2	HAROT 1.39% MAT	Redemption	05/15/2019	HONDA AUTO		468,558.20		468,558.20
36905	COMM	47788NAC2	JDOT 1.25% MAT	Interest	05/15/2019	JOHN DEERE			1,352.00	1,352.00
36905	COMM	47788NAC2	JDOT 1.25% MAT	Redemption	05/15/2019	JOHN DEERE		475,260.28		475,260.28
36929	COMM	161571HF47	CHAIT 1.27% MAT	Interest	05/15/2019	CHASE ISSUANCE			24,341.66	24,341.66
36929	COMM	161571HF47	CHAIT 1.27% MAT	Redemption	05/15/2019	CHASE ISSUANCE		953,895.15		953,895.15
36956	COMM	58769BAD6	MBART 1.26% MAT	Interest	05/15/2019	MERCEDES -BENZ			3,702.87	3,702.87
36956	COMM	58769BAD6	MBART 1.26% MAT	Redemption	05/15/2019	MERCEDES -BENZ		477,989.22		477,989.22
37507	COMM	47787XAC1	JDOT 1.78% MAT	Interest	05/15/2019	JOHN DEERE			7,578.39	7,578.39
37507	COMM	47787XAC1	JDOT 1.78% MAT	Redemption	05/15/2019	JOHN DEERE		625,341.88		625,341.88
37862	COMM	02582JHG8	AMXCA 1.64% MAT	Interest	05/15/2019	American Express			46,466.68	46,466.68
37862	COMM	02582JHG8	AMXCA 1.64% MAT	Redemption	05/15/2019	American Express		33,999,999.99		33,999,999.99
37862	COMM	02582JHG8	AMXCA 1.64% MAT	Interest	05/15/2019	American Express				0.00
37862	COMM	02582JHG8	AMXCA 1.64% MAT	Redemption	05/15/2019	American Express				0.00
37976	COMM	43811BAC8	HAROT 1.68% MAT	Interest	05/15/2019	HONDA AUTO			32,405.59	32,405.59
37976	COMM	43811BAC8	HAROT 1.68% MAT	Redemption	05/15/2019	HONDA AUTO		1,665,909.92		1,665,909.92

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38476	COMM	47788CAC6	JDOT 2.66% MAT	Interest	05/15/2019	JOHN DEERE			18,287.50	18,287.50
38476	COMM	47788CAC6	JDOT 2.66% MAT	Redemption	05/15/2019	JOHN DEERE		233,179.55		233,179.55
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	Interest	05/15/2019	American Express			100,125.00	100,125.00
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	Redemption	05/15/2019	American Express		1,102,294.27		1,102,294.27
38708	COMM	161571HN7	CHAIT 2.1227% MAT	Interest	05/15/2019	CHASE ISSUANCE			82,406.10	82,406.10
38708	COMM	161571HN7	CHAIT 2.1227% MAT	Redemption	05/15/2019	CHASE ISSUANCE		788,867.75		788,867.75
38785	COMM	58769DAE0	MBALT 2.01% MAT	Interest	05/15/2019	MERCEDES-BENZ			6,700.00	6,700.00
38785	COMM	58769DAE0	MBALT 2.01% MAT	Redemption	05/15/2019	MERCEDES-BENZ		98,874.14		98,874.14
38958	COMM	89231PAD0	TAOT 3.18% MAT	Interest	05/15/2019	TOYOTA AUTO REC			26,500.00	26,500.00
38958	COMM	89231PAD0	TAOT 3.18% MAT	Redemption	05/15/2019	TOYOTA AUTO REC		209,881.20		209,881.20
39013	COMM	43815AAC6	HAROT 3.16% MAT	Interest	05/15/2019	HONDA AUTO			57,274.99	57,274.99
39013	COMM	43815AAC6	HAROT 3.16% MAT	Redemption	05/15/2019	HONDA AUTO		466,741.03		466,741.03
39062	COMM	05522RCZ9	BACCT 3.3% MAT	Interest	05/15/2019	BANK OF AMERICA			50,350.00	50,350.00
39062	COMM	05522RCZ9	BACCT 3.3% MAT	Redemption	05/15/2019	BANK OF AMERICA		392,634.77		392,634.77
39082	COMM	05522RDA3	BACCT 3.1% MAT	Interest	05/15/2019	BANK OF AMERICA			38,750.00	38,750.00
39082	COMM	05522RDA3	BACCT 3.1% MAT	Redemption	05/15/2019	BANK OF AMERICA		269,118.20		269,118.20
39190	COMM	58772TAC4	MBALT 3.1% MAT	Interest	05/15/2019	MERCEDES-BENZ			25,833.30	25,833.30
39190	COMM	58772TAC4	MBALT 3.1% MAT	Redemption	05/15/2019	MERCEDES-BENZ		316,726.99		316,726.99
39220	COMM	05522RCY2	BACCT 2.7% MAT	Interest	05/15/2019	BANK OF AMERICA			56,250.00	56,250.00
39220	COMM	05522RCY2	BACCT 2.7% MAT	Redemption	05/15/2019	BANK OF AMERICA		510,456.28		510,456.28
39320	COMM	05522RCY2	BACCT 2.7% MAT	Interest	05/15/2019	BANK OF AMERICA			45,000.00	45,000.00
39320	COMM	05522RCY2	BACCT 2.7% MAT	Redemption	05/15/2019	BANK OF AMERICA				0.00
39541	COMM	SYS39541	BCREPO 2.4% MAT	Purchase	05/16/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39544	COMM	084670BR8	BERKSHIRE	Purchase	05/16/2019	BERKSHIRE	16,784,250.74			-16,784,250.74
39542	COMM	313384FS3	FHDN DISC NOTE	Purchase	05/16/2019	FHLB DISCOUNT	99,993,750.00			-99,993,750.00
39543	COMM	313384FS3	FHDN DISC NOTE	Purchase	05/16/2019	FHLB DISCOUNT	199,987,500.00			-199,987,500.00
39545	COMM	313379Q69	FEDERAL HOME	Purchase	05/16/2019	FHLB NOTES	25,174,708.33			-25,174,708.33
36753	COMM	89231UAD9	TOYO 1.3% MAT	Redemption	05/16/2019	TOYOTA AUTO REC		161,146.41		161,146.41
36753	COMM	89231UAD9	TOYO 1.3% MAT	Cap G/L	05/16/2019	TOYOTA AUTO REC		8.24		8.24
36765	COMM	166764BH2	CHEVRON CORP	Redemption	05/16/2019	CHEVRON CORP.		15,000,000.00		15,000,000.00
39538	COMM	SYS39538	BCREPO 2.45% MAT	Redemption	05/16/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39539	COMM	313384FR5	FHDN DISC NOTE	Redemption	05/16/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
39540	COMM	313384FR5	FHDN DISC NOTE	Redemption	05/16/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
36753	COMM	89231UAD9	TOYO 1.3% MAT	Interest	05/16/2019	TOYOTA AUTO REC			377.80	377.80
36765	COMM	166764BH2	CHEVRON CORP	Interest	05/16/2019	CHEVRON CORP.			117,075.00	117,075.00
39538	COMM	SYS39538	BCREPO 2.45% MAT	Interest	05/16/2019	BARCLAYS CAPITAL			13,611.12	13,611.12
36557	COMM	65478UAD1	NALT 1.34% MAT	Interest	05/16/2019	NISSAN AUTO			1,199.16	1,199.16
36557	COMM	65478UAD1	NALT 1.34% MAT	Redemption	05/16/2019	NISSAN AUTO		244,813.44		244,813.44
37035	COMM	89231LAD9	TAOT 1.23% MAT	Interest	05/16/2019	TOYOTA AUTO REC			5,114.48	5,114.48
37035	COMM	89231LAD9	TAOT 1.23% MAT	Redemption	05/16/2019	TOYOTA AUTO REC		819,594.44		819,594.44

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37568	COMM	89238MAD0	TAOT 1.73% MAT	Interest	05/16/2019	TOYOTA AUTO REC			9,058.75	9,058.75
37568	COMM	89238MAD0	TAOT 1.73% MAT	Redemption	05/16/2019	TOYOTA AUTO REC		644,670.90		644,670.90
38137	COMM	89238KAD4	TAOT 1.93% MAT	Interest	05/16/2019	TOYOTA AUTO REC			38,599.99	38,599.99
38137	COMM	89238KAD4	TAOT 1.93% MAT	Redemption	05/16/2019	TOYOTA AUTO REC		758,374.93		758,374.93
38475	COMM	65478DAD9	NALT 2.65% MAT	Interest	05/16/2019	NISSAN AUTO			40,854.16	40,854.16
38475	COMM	65478DAD9	NALT 2.65% MAT	Redemption	05/16/2019	NISSAN AUTO		512,893.03		512,893.03
39546	COMM	SYS39546	BCREPO 2.38% MAT	Purchase	05/17/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39549	COMM	166764BG4	CHEVRON CORP	Purchase	05/17/2019	CHEVRON CORP.	8,513,674.46			-8,513,674.46
39547	COMM	313384FV6		Purchase	05/17/2019	FHLB DISCOUNT	99,981,250.00			-99,981,250.00
39548	COMM	313384FV6		Purchase	05/17/2019	FHLB DISCOUNT	199,962,500.00			-199,962,500.00
39541	COMM	SYS39541	BCREPO 2.4% MAT	Redemption	05/17/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39542	COMM	313384FS3	FHDN DISC NOTE	Redemption	05/17/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
39543	COMM	313384FS3	FHDN DISC NOTE	Redemption	05/17/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
38135	COMM	3137EAEK1	FHLMC 1.875% MAT	Interest	05/17/2019	FHLMC NOTES			234,375.00	234,375.00
38342	COMM	3133EGAH8	FEDERAL FARM CR	Interest	05/17/2019	FFCB NOTES			84,281.25	84,281.25
39541	COMM	SYS39541	BCREPO 2.4% MAT	Interest	05/17/2019	BARCLAYS CAPITAL			13,333.32	13,333.32
39554	COMM	SYS39554	BCREPO 2.35% MAT	Purchase	05/20/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39553	COMM	19416QEL0	CP 2.25% MAT	Purchase	05/20/2019	COLGATE-PALMOLI	9,468,642.00			-9,468,642.00
39550	COMM	313384FW4	FHDN DISC NOTE	Purchase	05/20/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
39551	COMM	313384FW4	FHDN DISC NOTE	Purchase	05/20/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
39552	COMM	3130A5P45	FEDERAL HOME	Purchase	05/20/2019	FHLB NOTES	15,226,883.33			-15,226,883.33
39555	COMM	63873KSM0	NATXNY DISC NOTE	Purchase	05/20/2019	Natixis NY Branch	49,996,736.11			-49,996,736.11
36776	COMM	89236TDE2	TOYO 1.4% MAT	Redemption	05/20/2019	TOYOTA MOTOR		20,000,000.00		20,000,000.00
39546	COMM	SYS39546	BCREPO 2.38% MAT	Redemption	05/20/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39547	COMM	313384FV6		Redemption	05/20/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
39548	COMM	313384FV6		Redemption	05/20/2019	FHLB DISCOUNT		200,000,000.00		200,000,000.00
36776	COMM	89236TDE2	TOYO 1.4% MAT	Interest	05/20/2019	TOYOTA MOTOR			140,000.00	140,000.00
37208	COMM	17305EFW0	CCCIT 1.75% MAT	Interest	05/20/2019	CITIBANK CREDIT			350,000.00	350,000.00
38601	COMM	02079KAA5	GOOG 3.625% MAT	Interest	05/20/2019	GOOGLE INC			302,778.13	302,778.13
39546	COMM	SYS39546	BCREPO 2.38% MAT	Interest	05/20/2019	BARCLAYS CAPITAL			39,666.67	39,666.67
37059	COMM	43814RAC0	HAROT 1.21% MAT	Interest	05/20/2019	HONDA AUTO			5,012.62	5,012.62
37059	COMM	43814RAC0	HAROT 1.21% MAT	Redemption	05/20/2019	HONDA AUTO		608,325.42		608,325.42
38738	COMM	43814UAG4	HAROT 3.01% MAT	Interest	05/20/2019	HONDA AUTO			30,100.00	30,100.00
38738	COMM	43814UAG4	HAROT 3.01% MAT	Redemption	05/20/2019	HONDA AUTO		333,547.48		333,547.48
39269	COMM	43814WAC9	HAROT 2.83% MAT	Interest	05/20/2019	HONDA AUTO			32,427.04	32,427.04
39269	COMM	43814WAC9	HAROT 2.83% MAT	Redemption	05/20/2019	HONDA AUTO		277,638.63		277,638.63
39327	COMM	05586VAD4	BMWLT 3.38% MAT	Interest	05/20/2019	BMW VEHICLE			18,250.00	18,250.00
39327	COMM	05586VAD4	BMWLT 3.38% MAT	Redemption	05/20/2019	BMW VEHICLE		176,596.30		176,596.30
39556	COMM	SYS39556	BCREPO 2.36% MAT	Purchase	05/21/2019	BARCLAYS CAPITAL	250,000,000.00			-250,000,000.00
39557	COMM	313384FX2	FHDN DISC NOTE	Purchase	05/21/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00

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39558	COMM	313384FX2	FHDN DISC NOTE	Purchase	05/21/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
39559	COMM	3133834G3	FEDERAL HOME	Purchase	05/21/2019	FHLB NOTES	10,052,625.00			-10,052,625.00
39292	COMM	59157USM3	METSHR DISC NOTE	Redemption	05/21/2019	METLIFE SHORT		40,000,000.00		40,000,000.00
39550	COMM	313384FW4	FHDN DISC NOTE	Redemption	05/21/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39551	COMM	313384FW4	FHDN DISC NOTE	Redemption	05/21/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39554	COMM	SYS39554	BCREPO 2.35% MAT	Redemption	05/21/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39555	COMM	63873KSM0	NATXNY DISC NOTE	Redemption	05/21/2019	Natixis NY Branch		50,000,000.00		50,000,000.00
39554	COMM	SYS39554	BCREPO 2.35% MAT	Interest	05/21/2019	BARCLAYS CAPITAL			13,055.56	13,055.56
37615	COMM	43814TAC6	HAROT 1.72% MAT	Interest	05/21/2019	HONDA AUTO			14,386.52	14,386.52
37615	COMM	43814TAC6	HAROT 1.72% MAT	Redemption	05/21/2019	HONDA AUTO		848,605.56		848,605.56
39560	COMM	SYS39560	BCREPO 2.33% MAT	Purchase	05/22/2019	BARCLAYS CAPITAL	250,000,000.00			-250,000,000.00
39565	COMM	3133EKL2	FEDERAL FARM CR	Purchase	05/22/2019	FFCB NOTES	9,601,864.96			-9,601,864.96
39561	COMM	313384FY0	FHDN DISC NOTE	Purchase	05/22/2019	FHLB DISCOUNT	99,993,750.00			-99,993,750.00
39562	COMM	313384FY0	FHDN DISC NOTE	Purchase	05/22/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
39563	COMM	3130A1W95	FEDERAL HOME	Purchase	05/22/2019	FHLB NOTES	25,225,812.50			-25,225,812.50
39564	COMM	3134GTMQ3	FEDERAL HOME LN	Purchase	05/22/2019	FHLMC NOTES	12,300,000.00			-12,300,000.00
39556	COMM	SYS39556	BCREPO 2.36% MAT	Redemption	05/22/2019	BARCLAYS CAPITAL		250,000,000.00		250,000,000.00
39557	COMM	313384FX2	FHDN DISC NOTE	Redemption	05/22/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39558	COMM	313384FX2	FHDN DISC NOTE	Redemption	05/22/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
37804	COMM	3134GBLQ3	FEDERAL HOME LN	Interest	05/22/2019	FHLMC NOTES			165,000.00	165,000.00
39556	COMM	SYS39556	BCREPO 2.36% MAT	Interest	05/22/2019	BARCLAYS CAPITAL			16,388.91	16,388.91
39566	COMM	SYS39566	BCREPO 2.34% MAT	Purchase	05/23/2019	BARCLAYS CAPITAL	250,000,000.00			-250,000,000.00
39567	COMM	313384FZ7	FHDN DISC NOTE	Purchase	05/23/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
39568	COMM	313384FZ7	FHDN DISC NOTE	Purchase	05/23/2019	FHLB DISCOUNT	49,996,875.00			-49,996,875.00
39569	COMM	90331HPC1	USB 2.65% MAT	Purchase	05/23/2019	U S BANK	14,984,100.00			-14,984,100.00
39560	COMM	SYS39560	BCREPO 2.33% MAT	Redemption	05/23/2019	BARCLAYS CAPITAL		250,000,000.00		250,000,000.00
39561	COMM	313384FY0	FHDN DISC NOTE	Redemption	05/23/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
39562	COMM	313384FY0	FHDN DISC NOTE	Redemption	05/23/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39560	COMM	SYS39560	BCREPO 2.33% MAT	Interest	05/23/2019	BARCLAYS CAPITAL			16,180.57	16,180.57
39570	COMM	SYS39570	BCREPO 2.34% MAT	Purchase	05/24/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39573	COMM	166764BN9	CHEVRON CORP	Purchase	05/24/2019	CHEVRON CORP.	8,923,458.72			-8,923,458.72
39571	COMM	313384GD5	FHDN DISC NOTE	Purchase	05/24/2019	FHLB DISCOUNT	149,962,500.00			-149,962,500.00
39572	COMM	313384GD5	FHDN DISC NOTE	Purchase	05/24/2019	FHLB DISCOUNT	99,975,000.00			-99,975,000.00
36782	COMM	3136G3NC5	FEDERAL NATL MTG	Redemption	05/24/2019	FNMA NOTES		5,000,000.00		5,000,000.00
36805	COMM	94988J5D5	WELLS 1.75% MAT	Redemption	05/24/2019	WELLS FARGO		12,000,000.00		12,000,000.00
37816	COMM	3130ABDX1	FEDERAL HOME	Redemption	05/24/2019	FHLB NOTES		30,000,000.00		30,000,000.00
38751	COMM	78012UDV4	RBC 2.66% MAT	Redemption	05/24/2019	ROYAL BANK OF		15,000,000.00		15,000,000.00
39566	COMM	SYS39566	BCREPO 2.34% MAT	Redemption	05/24/2019	BARCLAYS CAPITAL		250,000,000.00		250,000,000.00
39567	COMM	313384FZ7	FHDN DISC NOTE	Redemption	05/24/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39568	COMM	313384FZ7	FHDN DISC NOTE	Redemption	05/24/2019	FHLB DISCOUNT		50,000,000.00		50,000,000.00

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36782	COMM	3136G3NC5	FEDERAL NATL MTG	Interest	05/24/2019	FNMA NOTES			25,000.00	<b>25,000.00</b>
36805	COMM	94988J5D5	WELLS 1.75% MAT	Interest	05/24/2019	WELLS FARGO			105,000.00	<b>105,000.00</b>
37131	COMM	3130A9W49	FEDERAL HOME	Interest	05/24/2019	FHLB NOTES			93,750.00	<b>93,750.00</b>
37816	COMM	3130ABDX1	FEDERAL HOME	Interest	05/24/2019	FHLB NOTES			210,000.00	<b>210,000.00</b>
38751	COMM	78012UDV4	RBC 2.66% MAT	Interest	05/24/2019	ROYAL BANK OF			405,650.00	<b>405,650.00</b>
39566	COMM	SYS39566	BCREPO 2.34% MAT	Interest	05/24/2019	BARCLAYS CAPITAL			16,250.01	<b>16,250.01</b>
39575	COMM	SYS39575	BCREPO 2.38% MAT	Purchase	05/28/2019	BARCLAYS CAPITAL	200,000,000.00			<b>-200,000,000.00</b>
39576	COMM	313384GE3	FHDN DISC NOTE	Purchase	05/28/2019	FHLB DISCOUNT	149,990,499.99			<b>-149,990,499.99</b>
39577	COMM	313384GE3	FHDN DISC NOTE	Purchase	05/28/2019	FHLB DISCOUNT	99,993,666.66			<b>-99,993,666.66</b>
39578	COMM	65479HAC1	NAROT 2.5% MAT	Purchase	05/28/2019	Nissan Auto Receivab	19,995,478.00			<b>-19,995,478.00</b>
39570	COMM	SYS39570	BCREPO 2.34% MAT	Redemption	05/28/2019	BARCLAYS CAPITAL		200,000,000.00		<b>200,000,000.00</b>
39571	COMM	313384GD5	FHDN DISC NOTE	Redemption	05/28/2019	FHLB DISCOUNT		150,000,000.00		<b>150,000,000.00</b>
39572	COMM	313384GD5	FHDN DISC NOTE	Redemption	05/28/2019	FHLB DISCOUNT		100,000,000.00		<b>100,000,000.00</b>
36785	COMM	3134G9HM2	FEDERAL HOME LN	Interest	05/28/2019	FHLMC NOTES			58,500.00	<b>58,500.00</b>
36787	COMM	3134G9HW0	FEDERAL HOME LN	Interest	05/28/2019	FHLMC NOTES			32,812.50	<b>32,812.50</b>
36797	COMM	3136G3PR0	FEDERAL NATL MTG	Interest	05/28/2019	FNMA NOTES			187,500.00	<b>187,500.00</b>
37801	COMM	3134GBLR1	FEDERAL HOME LN	Interest	05/28/2019	FHLMC NOTES			175,000.00	<b>175,000.00</b>
38169	COMM	3133EHW58	FFCB 1.9% MAT	Interest	05/28/2019	FFCB NOTES			142,500.00	<b>142,500.00</b>
38170	COMM	3134GBZ70	FEDERAL HOME LN	Interest	05/28/2019	FHLMC NOTES			234,375.00	<b>234,375.00</b>
38171	COMM	3134GBZ70	FEDERAL HOME LN	Interest	05/28/2019	FHLMC NOTES			93,750.00	<b>93,750.00</b>
38178	COMM	3130ACUK8	FEDERAL HOME	Interest	05/28/2019	FHLB NOTES			250,000.00	<b>250,000.00</b>
38204	COMM	3133EHW58	FFCB 1.9% MAT	Interest	05/28/2019	FFCB NOTES			204,725.00	<b>204,725.00</b>
38272	COMM	3133EHKT9	FEDERAL FARM CR	Interest	05/28/2019	FFCB NOTES			121,156.50	<b>121,156.50</b>
38733	COMM	3130AECJ7	FEDERAL HOME	Interest	05/28/2019	FHLB NOTES			131,250.00	<b>131,250.00</b>
38999	COMM	3133EJW70	FEDERAL FARM CR	Interest	05/28/2019	FFCB NOTES			503,125.00	<b>503,125.00</b>
39006	COMM	3134GSB95	FEDERAL HOME LN	Interest	05/28/2019	FHLMC NOTES			150,000.00	<b>150,000.00</b>
39023	COMM	3133EJW70	FEDERAL FARM CR	Interest	05/28/2019	FFCB NOTES			385,609.38	<b>385,609.38</b>
39023	COMM	3133EJW70	FEDERAL FARM CR	Accr Int	05/28/2019	FFCB NOTES		8,569.10	-8,569.10	<b>0.00</b>
39570	COMM	SYS39570	BCREPO 2.34% MAT	Interest	05/28/2019	BARCLAYS CAPITAL			52,000.01	<b>52,000.01</b>
36893	COMM	05582QAD9	BMWOT 1.16% MAT	Interest	05/28/2019	BMW VEHICLE			2,338.04	<b>2,338.04</b>
36893	COMM	05582QAD9	BMWOT 1.16% MAT	Redemption	05/28/2019	BMW VEHICLE		477,219.44		<b>477,219.44</b>
38387	COMM	3137AYCE9		Interest	05/28/2019	FHLMC Multi-Family			44,700.00	<b>44,700.00</b>
38387	COMM	3137AYCE9		Redemption	05/28/2019	FHLMC Multi-Family		548,494.12		<b>548,494.12</b>
38391	COMM	3137AYCE9		Interest	05/28/2019	FHLMC Multi-Family			16,762.50	<b>16,762.50</b>
38391	COMM	3137AYCE9		Redemption	05/28/2019	FHLMC Multi-Family		205,581.98		<b>205,581.98</b>
38412	COMM	09659QAD9	BMWOT 2.35% MAT	Interest	05/28/2019	BMW VEHICLE			62,666.66	<b>62,666.66</b>
38412	COMM	09659QAD9	BMWOT 2.35% MAT	Redemption	05/28/2019	BMW VEHICLE		943,070.67		<b>943,070.67</b>
38465	COMM	3137AWQH1	FHLMCM 2.307%	Interest	05/28/2019	FHLMC Multi-Family			10,727.55	<b>10,727.55</b>
38465	COMM	3137AWQH1	FHLMCM 2.307%	Redemption	05/28/2019	FHLMC Multi-Family		155,556.84		<b>155,556.84</b>
38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	Interest	05/28/2019	FNMA Multi-Family			7,479.35	<b>7,479.35</b>



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38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	Redemption	05/28/2019	FNMA Multi-Family		5,967.45		5,967.45
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	Interest	05/28/2019	FHLMC Multi-Family			55,333.34	55,333.34
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	Redemption	05/28/2019	FHLMC Multi-Family		508,490.56		508,490.56
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	Interest	05/28/2019	FNMA Multi-Family			10,218.27	10,218.27
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	Redemption	05/28/2019	FNMA Multi-Family		47,449.13		47,449.13
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	Interest	05/28/2019	FNMA Multi-Family			10,218.27	10,218.27
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	Redemption	05/28/2019	FNMA Multi-Family		47,449.13		47,449.13
38666	COMM	3137AYCE9		Interest	05/28/2019	FHLMC Multi-Family			26,250.08	26,250.08
38666	COMM	3137AYCE9		Redemption	05/28/2019	FHLMC Multi-Family		316,098.80		316,098.80
38744	COMM	3137AYCE9		Interest	05/28/2019	FHLMC Multi-Family			44,700.00	44,700.00
38744	COMM	3137AYCE9		Redemption	05/28/2019	FHLMC Multi-Family		538,460.88		538,460.88
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	Interest	05/28/2019	FHLMC Multi-Family			12,176.25	12,176.25
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	Redemption	05/28/2019	FHLMC Multi-Family		109,950.96		109,950.96
38864	COMM	3137B5JM6	FHLMCM 3.531% MAT	Interest	05/28/2019	FHLMC Multi-Family			29,425.00	29,425.00
38864	COMM	3137B5JM6	FHLMCM 3.531% MAT	Redemption	05/28/2019	FHLMC Multi-Family		231,875.65		231,875.65
38884	COMM	31381N7G2	FNMAM 3.27% MAT	Interest	05/28/2019	FNMA Multi-Family			9,381.07	9,381.07
38884	COMM	31381N7G2	FNMAM 3.27% MAT	Redemption	05/28/2019	FNMA Multi-Family		6,672.66		6,672.66
38945	COMM	3137B3NA2	FHLMC REMIC	Interest	05/28/2019	FHLMC Multi-Family			28,723.99	28,723.99
38945	COMM	3137B3NA2	FHLMC REMIC	Redemption	05/28/2019	FHLMC Multi-Family		256,195.86		256,195.86
39026	COMM	3137B5KW2	FHLMC SERIES	Interest	05/28/2019	FHLMC Multi-Family			28,816.67	28,816.67
39026	COMM	3137B5KW2	FHLMC SERIES	Redemption	05/28/2019	FHLMC Multi-Family		227,517.57		227,517.57
39093	COMM	3137FBUV6	FHLMCM 2.52688% MAT	Interest	05/28/2019	FHLMC Multi-Family			45,241.66	45,241.66
39093	COMM	3137FBUV6	FHLMCM 2.52688% MAT	Redemption	05/28/2019	FHLMC Multi-Family		1,369,938.76		1,369,938.76
39150	COMM	31381TYT1	FNMAM 2.75% MAT	Interest	05/28/2019	FNMA Multi-Family			68,596.59	68,596.59
39150	COMM	31381TYT1	FNMAM 2.75% MAT	Redemption	05/28/2019	FNMA Multi-Family		63,897.45		63,897.45
39158	COMM	31381RZ23	FNMAM 3.84% MAT	Interest	05/28/2019	FNMA Multi-Family			46,419.72	46,419.72
39158	COMM	31381RZ23	FNMAM 3.84% MAT	Redemption	05/28/2019	FNMA Multi-Family		27,647.07		27,647.07
39218	COMM	31381RLL6	FNMAM 3.84% MAT	Interest	05/28/2019	FNMA Multi-Family			37,962.39	37,962.39
39218	COMM	31381RLL6	FNMAM 3.84% MAT	Redemption	05/28/2019	FNMA Multi-Family		21,041.80		21,041.80
39219	COMM	31381RLL6	FNMAM 3.84% MAT	Interest	05/28/2019	FNMA Multi-Family			6,336.80	6,336.80
39219	COMM	31381RLL6	FNMAM 3.84% MAT	Redemption	05/28/2019	FNMA Multi-Family		3,512.36		3,512.36
39295	COMM	3137B04Y7	FHLMCM 2.615% MAT	Interest	05/28/2019	FHLMC Multi-Family			58,837.51	58,837.51
39295	COMM	3137B04Y7	FHLMCM 2.615% MAT	Redemption	05/28/2019	FHLMC Multi-Family		688,360.75		688,360.75
39319	COMM	3138LGKH8	FNMAM 2.47% MAT	Interest	05/28/2019	FNMA Multi-Family			51,458.33	51,458.33
39319	COMM	3138LGKH8	FNMAM 2.47% MAT	Redemption	05/28/2019	FNMA Multi-Family		523,304.85		523,304.85
39342	COMM	3137BQR90	FHLMCM 2.272% MAT	Interest	05/28/2019	FHLMC Multi-Family			44,303.99	44,303.99
39342	COMM	3137BQR90	FHLMCM 2.272% MAT	Redemption	05/28/2019	FHLMC Multi-Family		595,730.30		595,730.30
39457	COMM	3138EKX67	FNMAM 2.537% MAT	Interest	05/28/2019	FNMA Multi-Family			35,218.54	35,218.54
39457	COMM	3138EKX67	FNMAM 2.537% MAT	Redemption	05/28/2019	FNMA Multi-Family		35,396.65		35,396.65
39457	COMM	3138EKX67	FNMAM 2.537% MAT	Interest	05/28/2019	FNMA Multi-Family			-19,957.17	-19,957.17

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39457	COMM	3138EKX67	FNMAM 2.537% MAT	Redemption	05/28/2019	FNMA Multi-Family				0.00
39579	COMM	SYS39579	BCREPO 2.39% MAT	Purchase	05/29/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39580	COMM	313384GF0	FHDN DISC NOTE	Purchase	05/29/2019	FHLB DISCOUNT	149,990,499.99			-149,990,499.99
39581	COMM	313384GF0	FHDN DISC NOTE	Purchase	05/29/2019	FHLB DISCOUNT	99,993,666.67			-99,993,666.67
39582	COMM	43815MAC0	HAROT 2.52% MAT	Purchase	05/29/2019	HONDA AUTO	16,999,365.90			-16,999,365.90
39575	COMM	SYS39575	BCREPO 2.38% MAT	Redemption	05/29/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39576	COMM	313384GE3	FHDN DISC NOTE	Redemption	05/29/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39577	COMM	313384GE3	FHDN DISC NOTE	Redemption	05/29/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
37149	COMM	3130AABG2	FEDERAL HOME	Interest	05/29/2019	FHLB NOTES			140,625.00	140,625.00
39575	COMM	SYS39575	BCREPO 2.38% MAT	Interest	05/29/2019	BARCLAYS CAPITAL			13,222.23	13,222.23
39583	COMM	SYS39583	BCREPO 2.37% MAT	Purchase	05/30/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39586	COMM	14042WAC4	COPAR 2.51% MAT	Purchase	05/30/2019	Capital One	8,998,176.60			-8,998,176.60
39584	COMM	313384GG8	FHDN DISC NOTE	Purchase	05/30/2019	FHLB DISCOUNT	99,993,666.66			-99,993,666.66
39585	COMM	313384GG8	FHDN DISC NOTE	Purchase	05/30/2019	FHLB DISCOUNT	149,990,499.99			-149,990,499.99
39587	COMM	3138LEYD7	FNMAM 1.97% MAT	Purchase	05/30/2019	FNMA Multi-Family	18,671,980.39			-18,671,980.39
36793	COMM	3136G3QY4	FEDERAL NATL MTG	Redemption	05/30/2019	FNMA NOTES		5,000,000.00		5,000,000.00
36794	COMM	3136G3QY4	FEDERAL NATL MTG	Redemption	05/30/2019	FNMA NOTES		15,000,000.00		15,000,000.00
36795	COMM	3136G3QY4	FEDERAL NATL MTG	Redemption	05/30/2019	FNMA NOTES		5,000,000.00		5,000,000.00
39579	COMM	SYS39579	BCREPO 2.39% MAT	Redemption	05/30/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39580	COMM	313384GF0	FHDN DISC NOTE	Redemption	05/30/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39581	COMM	313384GF0	FHDN DISC NOTE	Redemption	05/30/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
36793	COMM	3136G3QY4	FEDERAL NATL MTG	Interest	05/30/2019	FNMA NOTES			31,250.00	31,250.00
36794	COMM	3136G3QY4	FEDERAL NATL MTG	Interest	05/30/2019	FNMA NOTES			93,750.00	93,750.00
36795	COMM	3136G3QY4	FEDERAL NATL MTG	Interest	05/30/2019	FNMA NOTES			31,250.00	31,250.00
39579	COMM	SYS39579	BCREPO 2.39% MAT	Interest	05/30/2019	BARCLAYS CAPITAL			13,277.78	13,277.78
39588	COMM	SYS39588	BCREPO 2.47% MAT	Purchase	05/31/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39589	COMM	313384GK9	FHDN DISC NOTE	Purchase	05/31/2019	FHLB DISCOUNT	149,971,875.00			-149,971,875.00
38386	COMM	912828SX9	UNITED STATES	Redemption	05/31/2019	U.S. TREASURY		20,000,000.00		20,000,000.00
39583	COMM	SYS39583	BCREPO 2.37% MAT	Redemption	05/31/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39584	COMM	313384GG8	FHDN DISC NOTE	Redemption	05/31/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
39585	COMM	313384GG8	FHDN DISC NOTE	Redemption	05/31/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
38386	COMM	912828SX9	UNITED STATES	Interest	05/31/2019	U.S. TREASURY			112,500.00	112,500.00
39583	COMM	SYS39583	BCREPO 2.37% MAT	Interest	05/31/2019	BARCLAYS CAPITAL			13,166.68	13,166.68
39590	COMM	SYS39590	BCREPO 2.35% MAT	Purchase	06/03/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39594	COMM	3133EKNR3	FEDERAL FARM CR	Purchase	06/03/2019	FFCB NOTES	10,004,700.00			-10,004,700.00
39591	COMM	313384GL7	FHDN DISC NOTE	Purchase	06/03/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
39592	COMM	3133834G3	FEDERAL HOME	Purchase	06/03/2019	FHLB NOTES	10,091,408.33			-10,091,408.33
39593	COMM	3134GTQS5	FEDERAL HOME LN	Purchase	06/03/2019	FHLMC NOTES	10,260,250.00			-10,260,250.00
39389	COMM	30229BT31	EX DISC NOTE MAT	Redemption	06/03/2019	EXXON		50,000,000.00		50,000,000.00
39390	COMM	30229BT31	EX DISC NOTE MAT	Redemption	06/03/2019	EXXON		50,000,000.00		50,000,000.00

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39588	COMM	SYS39588	BCREPO 2.47% MAT	Redemption	06/03/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39589	COMM	313384GK9	FHDN DISC NOTE	Redemption	06/03/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39588	COMM	SYS39588	BCREPO 2.47% MAT	Interest	06/03/2019	BARCLAYS CAPITAL			41,166.67	41,166.67
39596	COMM	SYS39596	BCREPO 2.35% MAT	Purchase	06/04/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39595	COMM	313384GM5	FHDN DISC NOTE	Purchase	06/04/2019	FHLB DISCOUNT	149,990,750.01			-149,990,750.01
39590	COMM	SYS39590	BCREPO 2.35% MAT	Redemption	06/04/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39591	COMM	313384GL7	FHDN DISC NOTE	Redemption	06/04/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39031	COMM	06405LAA9	BANK NEW YORK	Interest	06/04/2019	BANK OF NEW			186,244.42	186,244.42
39032	COMM	06405LAA9	BANK NEW YORK	Interest	06/04/2019	BANK OF NEW			37,248.88	37,248.88
39590	COMM	SYS39590	BCREPO 2.35% MAT	Interest	06/04/2019	BARCLAYS CAPITAL			13,055.56	13,055.56
34292	COMM	SYS34292	MSTI 0.0%	Interest	06/04/2019	MORGAN STANLEY			193,526.25	193,526.25
34292	COMM	SYS34292	MSTI 0.0%	Purchase	06/04/2019	MORGAN STANLEY	193,526.25			-193,526.25
37590	COMM	SYS37590	JPM TE 0.44%	Purchase	06/04/2019	JP MORGAN US			574,165.43	574,165.43
37590	COMM	SYS37590	JPM TE 0.44%	Purchase	06/04/2019	JP MORGAN US	574,165.43			-574,165.43
39598	COMM	SYS39598	BCREPO 2.35% MAT	Purchase	06/05/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39599	COMM	313384GN3	FHDN DISC NOTE	Purchase	06/05/2019	FHLB DISCOUNT	149,990,833.32			-149,990,833.32
39597	COMM	31315KRG7	FRMDN ZERO CPN	Purchase	06/05/2019	FARMER MAC	24,674,708.33			-24,674,708.33
39595	COMM	313384GM5	FHDN DISC NOTE	Redemption	06/05/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39596	COMM	SYS39596	BCREPO 2.35% MAT	Redemption	06/05/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
34292	COMM	SYS34292	MSTI 0.0%	Redemption	06/05/2019	MORGAN STANLEY		100,320,010.72		100,320,010.72
39596	COMM	SYS39596	BCREPO 2.35% MAT	Interest	06/05/2019	BARCLAYS CAPITAL			13,055.56	13,055.56
39601	COMM	SYS39601	BCREPO 2.37% MAT	Purchase	06/06/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39600	COMM	313384GP8	FHDN DISC NOTE	Purchase	06/06/2019	FHLB DISCOUNT	149,990,833.32			-149,990,833.32
39598	COMM	SYS39598	BCREPO 2.35% MAT	Redemption	06/06/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39599	COMM	313384GN3	FHDN DISC NOTE	Redemption	06/06/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39598	COMM	SYS39598	BCREPO 2.35% MAT	Interest	06/06/2019	BARCLAYS CAPITAL			13,055.56	13,055.56
39602	COMM	SYS39602	BCREPO 2.36% MAT	Purchase	06/07/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39603	COMM	313384GS2	FHDN DISC NOTE	Purchase	06/07/2019	FHLB DISCOUNT	149,972,499.99			-149,972,499.99
39061	COMM	25215FEK6	DX 2.75% MAT	Redemption	06/07/2019	DEXIA		30,000,000.00		30,000,000.00
39600	COMM	313384GP8	FHDN DISC NOTE	Redemption	06/07/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39601	COMM	SYS39601	BCREPO 2.37% MAT	Redemption	06/07/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39061	COMM	25215FEK6	DX 2.75% MAT	Interest	06/07/2019	DEXIA			405,625.00	405,625.00
39138	COMM	3130ABFD3	FEDERAL HOME	Interest	06/07/2019	FHLB NOTES			98,437.50	98,437.50
39601	COMM	SYS39601	BCREPO 2.37% MAT	Interest	06/07/2019	BARCLAYS CAPITAL			13,166.67	13,166.67
39606	COMM	SYS39606	BCREPO 2.36% MAT	Purchase	06/10/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39604	COMM	313384GT0	FHDN DISC NOTE	Purchase	06/10/2019	FHLB DISCOUNT	149,990,833.32			-149,990,833.32
39605	COMM	313384GT0	FHDN DISC NOTE	Purchase	06/10/2019	FHLB DISCOUNT	49,996,944.44			-49,996,944.44
39054	COMM	17305TC83	CITINA 2.92% MAT	Redemption	06/10/2019	CITI BANK NA		50,000,000.00		50,000,000.00
39602	COMM	SYS39602	BCREPO 2.36% MAT	Redemption	06/10/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39603	COMM	313384GS2	FHDN DISC NOTE	Redemption	06/10/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00

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37194	COMM	3133EGT47	FEDERAL FARM CR	Interest	06/10/2019	FFCB NOTES			100,500.00	100,500.00
39016	COMM	3130AFE78	FEDERAL HOME	Interest	06/10/2019	FHLB NOTES			254,712.50	254,712.50
39016	COMM	3130AFE78	FEDERAL HOME	Accr Int	06/10/2019	FHLB NOTES		27,504.17	-27,504.17	0.00
39054	COMM	17305TC83	CITINA 2.92% MAT	Interest	06/10/2019	CITI BANK NA			734,055.56	734,055.56
39069	COMM	3130A0F70	FEDERAL HOME	Interest	06/10/2019	FHLB NOTES			168,750.00	168,750.00
39069	COMM	3130A0F70	FEDERAL HOME	Accr Int	06/10/2019	FHLB NOTES		5,625.00	-5,625.00	0.00
39106	COMM	3130A0F70	FEDERAL HOME	Interest	06/10/2019	FHLB NOTES			59,062.50	59,062.50
39106	COMM	3130A0F70	FEDERAL HOME	Accr Int	06/10/2019	FHLB NOTES		5,250.00	-5,250.00	0.00
39545	COMM	313379Q69	FEDERAL HOME	Interest	06/10/2019	FHLB NOTES			265,625.00	265,625.00
39545	COMM	313379Q69	FEDERAL HOME	Accr Int	06/10/2019	FHLB NOTES		230,208.33	-230,208.33	0.00
39552	COMM	3130A5P45	FEDERAL HOME	Interest	06/10/2019	FHLB NOTES			178,125.00	178,125.00
39552	COMM	3130A5P45	FEDERAL HOME	Accr Int	06/10/2019	FHLB NOTES		158,333.33	-158,333.33	0.00
39559	COMM	3133834G3	FEDERAL HOME	Interest	06/10/2019	FHLB NOTES			106,250.00	106,250.00
39559	COMM	3133834G3	FEDERAL HOME	Accr Int	06/10/2019	FHLB NOTES		95,625.00	-95,625.00	0.00
39592	COMM	3133834G3	FEDERAL HOME	Interest	06/10/2019	FHLB NOTES			106,250.00	106,250.00
39592	COMM	3133834G3	FEDERAL HOME	Accr Int	06/10/2019	FHLB NOTES		102,708.33	-102,708.33	0.00
39602	COMM	SYS39602	BCREPO 2.36% MAT	Interest	06/10/2019	BARCLAYS CAPITAL			39,333.33	39,333.33
39607	COMM	SYS39607	BCREPO 2.36% MAT	Purchase	06/11/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39608	COMM	313384GU7	FHDN DISC NOTE	Purchase	06/11/2019	FHLB DISCOUNT	149,990,833.32			-149,990,833.32
39609	COMM	3138LGFF8	FNAMM 2.15% MAT	Purchase	06/11/2019	FNMA Multi-Family	4,982,925.35			-4,982,925.35
39604	COMM	313384GT0	FHDN DISC NOTE	Redemption	06/11/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39605	COMM	313384GT0	FHDN DISC NOTE	Redemption	06/11/2019	FHLB DISCOUNT		50,000,000.00		50,000,000.00
39606	COMM	SYS39606	BCREPO 2.36% MAT	Redemption	06/11/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
37961	COMM	313379RB7	FEDERAL HOME	Interest	06/11/2019	FHLB NOTES			46,875.00	46,875.00
38102	COMM	3130A3UQ5	FEDERAL HOME	Interest	06/11/2019	FHLB NOTES			93,750.00	93,750.00
39563	COMM	3130A1W95	FEDERAL HOME	Interest	06/11/2019	FHLB NOTES			281,250.00	281,250.00
39563	COMM	3130A1W95	FEDERAL HOME	Accr Int	06/11/2019	FHLB NOTES		251,562.50	-251,562.50	0.00
39606	COMM	SYS39606	BCREPO 2.36% MAT	Interest	06/11/2019	BARCLAYS CAPITAL			13,111.10	13,111.10
39611	COMM	SYS39611	BCREPO 2.35% MAT	Purchase	06/12/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39610	COMM	313384GV5	FHDN DISC NOTE	Purchase	06/12/2019	FHLB DISCOUNT	149,990,833.32			-149,990,833.32
39612	COMM	92349GAA9	VERIZON OWNER	Purchase	06/12/2019	VERIZON OWNER	34,997,553.50			-34,997,553.50
37901	COMM	3133EHMR1	FFCB 1.375% MAT	Redemption	06/12/2019	FFCB NOTES		5,000,000.00		5,000,000.00
37905	COMM	3133EHMR1	FFCB 1.375% MAT	Redemption	06/12/2019	FFCB NOTES		5,000,000.00		5,000,000.00
39607	COMM	SYS39607	BCREPO 2.36% MAT	Redemption	06/12/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39608	COMM	313384GU7	FHDN DISC NOTE	Redemption	06/12/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
36877	COMM	3133834H1	FEDERAL HOME	Interest	06/12/2019	FHLB NOTES			103,125.00	103,125.00
37037	COMM	3133834H1	FEDERAL HOME	Interest	06/12/2019	FHLB NOTES			68,750.00	68,750.00
37058	COMM	313383HU8	FHLB 1.75% MAT	Interest	06/12/2019	FHLB NOTES			131,250.00	131,250.00
37901	COMM	3133EHMR1	FFCB 1.375% MAT	Interest	06/12/2019	FFCB NOTES			34,375.00	34,375.00
37905	COMM	3133EHMR1	FFCB 1.375% MAT	Interest	06/12/2019	FFCB NOTES			34,375.00	34,375.00

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38247	COMM	313383HU8	FHLB 1.75% MAT	Interest	06/12/2019	FHLB NOTES			218,750.00	218,750.00
38978	COMM	313370E38	FEDERAL HOME	Interest	06/12/2019	FHLB NOTES			337,500.00	337,500.00
39383	COMM	313370E38	FEDERAL HOME	Interest	06/12/2019	FHLB NOTES			168,750.00	168,750.00
39383	COMM	313370E38	FEDERAL HOME	Accr Int	06/12/2019	FHLB NOTES		108,750.00	-108,750.00	0.00
39393	COMM	313370E38	FEDERAL HOME	Interest	06/12/2019	FHLB NOTES			393,103.13	393,103.13
39393	COMM	313370E38	FEDERAL HOME	Accr Int	06/12/2019	FHLB NOTES		253,333.13	-253,333.13	0.00
39607	COMM	SYS39607	BCREPO 2.36% MAT	Interest	06/12/2019	BARCLAYS CAPITAL			13,111.12	13,111.12
39614	COMM	SYS39614	BCREPO 2.34% MAT	Purchase	06/13/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39613	COMM	313384GW3	FHDN DISC NOTE	Purchase	06/13/2019	FHLB DISCOUNT	149,990,833.32			-149,990,833.32
39610	COMM	313384GV5	FHDN DISC NOTE	Redemption	06/13/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39611	COMM	SYS39611	BCREPO 2.35% MAT	Redemption	06/13/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39611	COMM	SYS39611	BCREPO 2.35% MAT	Interest	06/13/2019	BARCLAYS CAPITAL			13,055.57	13,055.57
39616	COMM	SYS39616	BCREPO 2.31% MAT	Purchase	06/14/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39615	COMM	313384GZ6	FHDN DISC NOTE	Purchase	06/14/2019	FHLB DISCOUNT	149,972,499.99			-149,972,499.99
36402	COMM	313379EE5	FEDERAL HOME	Redemption	06/14/2019	FHLB NOTES		17,200,000.00		17,200,000.00
36550	COMM	313379EE5	FEDERAL HOME	Redemption	06/14/2019	FHLB NOTES		15,000,000.00		15,000,000.00
36823	COMM	3134G9QW0	FEDERAL HOME LN	Redemption	06/14/2019	FHLMC NOTES		20,000,000.00		20,000,000.00
38469	COMM	313379EE5	FEDERAL HOME	Redemption	06/14/2019	FHLB NOTES		25,000,000.00		25,000,000.00
39613	COMM	313384GW3	FHDN DISC NOTE	Redemption	06/14/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39614	COMM	SYS39614	BCREPO 2.34% MAT	Redemption	06/14/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
36402	COMM	313379EE5	FEDERAL HOME	Interest	06/14/2019	FHLB NOTES			139,750.00	139,750.00
36550	COMM	313379EE5	FEDERAL HOME	Interest	06/14/2019	FHLB NOTES			121,875.00	121,875.00
36823	COMM	3134G9QW0	FEDERAL HOME LN	Interest	06/14/2019	FHLMC NOTES			128,000.00	128,000.00
38469	COMM	313379EE5	FEDERAL HOME	Interest	06/14/2019	FHLB NOTES			203,125.00	203,125.00
39527	COMM	92826CAC6	VISA INC, SR GLBL	Interest	06/14/2019	VISA			156,184.00	156,184.00
39527	COMM	92826CAC6	VISA INC, SR GLBL	Accr Int	06/14/2019	VISA		125,814.89	-125,814.89	0.00
39614	COMM	SYS39614	BCREPO 2.34% MAT	Interest	06/14/2019	BARCLAYS CAPITAL			13,000.01	13,000.01
39617	COMM	SYS39617	BCREPO 2.38% MAT	Purchase	06/17/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39618	COMM	313384HA0	FHDN DISC NOTE	Purchase	06/17/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
36753	COMM	89231UAD9	TOYO 1.3% MAT	Redemption	06/17/2019	TOYOTA AUTO REC		151,035.00		151,035.00
36753	COMM	89231UAD9	TOYO 1.3% MAT	Cap G/L	06/17/2019	TOYOTA AUTO REC		7.72		7.72
39523	COMM	24422MTH4	JDCCP DISC NOTE	Redemption	06/17/2019	John Deere Capital C		60,000,000.00		60,000,000.00
39615	COMM	313384GZ6	FHDN DISC NOTE	Redemption	06/17/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39616	COMM	SYS39616	BCREPO 2.31% MAT	Redemption	06/17/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
36753	COMM	89231UAD9	TOYO 1.3% MAT	Interest	06/17/2019	TOYOTA AUTO REC			203.21	203.21
37849	COMM	3134GBRR5	FHLMC 1.8% MAT	Interest	06/17/2019	FHLMC NOTES			180,000.00	180,000.00
38076	COMM	931142EA7	WAL-MART STORES	Interest	06/17/2019	WALMART			66,500.00	66,500.00
38796	COMM	3134GSMY8	FEDERAL HOME LN	Interest	06/17/2019	FHLMC NOTES			206,250.00	206,250.00
39075	COMM	3133EJ3B3	FEDERAL FARM CR	Interest	06/17/2019	FFCB NOTES			140,000.00	140,000.00
39108	COMM	3133EJ3B3	FEDERAL FARM CR	Interest	06/17/2019	FFCB NOTES			60,200.00	60,200.00

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39108	COMM	3133EJ3B3	FEDERAL FARM CR	Accr Int	06/17/2019	FFCB NOTES		2,341.11	-2,341.11	<b>0.00</b>
39616	COMM	SYS39616	BCREPO 2.31% MAT	Interest	06/17/2019	BARCLAYS CAPITAL			38,500.01	<b>38,500.01</b>
36557	COMM	65478UAD1	NALT 1.34% MAT	Interest	06/17/2019	NISSAN AUTO			925.81	<b>925.81</b>
36557	COMM	65478UAD1	NALT 1.34% MAT	Redemption	06/17/2019	NISSAN AUTO		223,452.62		<b>223,452.62</b>
36800	COMM	43814QAC2	HAROT 1.39% MAT	Interest	06/17/2019	HONDA AUTO			569.88	<b>569.88</b>
36800	COMM	43814QAC2	HAROT 1.39% MAT	Redemption	06/17/2019	HONDA AUTO		446,847.16		<b>446,847.16</b>
36905	COMM	47788NAC2	JDOT 1.25% MAT	Interest	06/17/2019	JOHN DEERE			856.93	<b>856.93</b>
36905	COMM	47788NAC2	JDOT 1.25% MAT	Redemption	06/17/2019	JOHN DEERE		314,598.04		<b>314,598.04</b>
36929	COMM	161571HF47	CHAIT 1.27% MAT	Interest	06/17/2019	CHASE ISSUANCE			24,341.66	<b>24,341.66</b>
36929	COMM	161571HF47	CHAIT 1.27% MAT	Redemption	06/17/2019	CHASE ISSUANCE		986,496.31		<b>986,496.31</b>
36956	COMM	58769BAD6	MBART 1.26% MAT	Interest	06/17/2019	MERCEDES -BENZ			3,200.98	<b>3,200.98</b>
36956	COMM	58769BAD6	MBART 1.26% MAT	Redemption	06/17/2019	MERCEDES -BENZ		446,986.36		<b>446,986.36</b>
37035	COMM	89231LAD9	TAOT 1.23% MAT	Interest	06/17/2019	TOYOTA AUTO REC			4,274.44	<b>4,274.44</b>
37035	COMM	89231LAD9	TAOT 1.23% MAT	Redemption	06/17/2019	TOYOTA AUTO REC		763,668.65		<b>763,668.65</b>
37507	COMM	47787XAC1	JDOT 1.78% MAT	Interest	06/17/2019	JOHN DEERE			6,650.80	<b>6,650.80</b>
37507	COMM	47787XAC1	JDOT 1.78% MAT	Redemption	06/17/2019	JOHN DEERE		495,016.92		<b>495,016.92</b>
37568	COMM	89238MAD0	TAOT 1.73% MAT	Interest	06/17/2019	TOYOTA AUTO REC			8,129.35	<b>8,129.35</b>
37568	COMM	89238MAD0	TAOT 1.73% MAT	Redemption	06/17/2019	TOYOTA AUTO REC		638,323.91		<b>638,323.91</b>
37976	COMM	43811BAC8	HAROT 1.68% MAT	Interest	06/17/2019	HONDA AUTO			30,073.32	<b>30,073.32</b>
37976	COMM	43811BAC8	HAROT 1.68% MAT	Redemption	06/17/2019	HONDA AUTO		1,625,422.65		<b>1,625,422.65</b>
38137	COMM	89238KAD4	TAOT 1.93% MAT	Interest	06/17/2019	TOYOTA AUTO REC			38,599.99	<b>38,599.99</b>
38137	COMM	89238KAD4	TAOT 1.93% MAT	Redemption	06/17/2019	TOYOTA AUTO REC		783,728.08		<b>783,728.08</b>
38475	COMM	65478DAD9	NALT 2.65% MAT	Interest	06/17/2019	NISSAN AUTO			40,854.16	<b>40,854.16</b>
38475	COMM	65478DAD9	NALT 2.65% MAT	Redemption	06/17/2019	NISSAN AUTO		375,005.86		<b>375,005.86</b>
38476	COMM	47788CAC6	JDOT 2.66% MAT	Interest	06/17/2019	JOHN DEERE			18,287.50	<b>18,287.50</b>
38476	COMM	47788CAC6	JDOT 2.66% MAT	Redemption	06/17/2019	JOHN DEERE		172,911.59		<b>172,911.59</b>
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	Interest	06/17/2019	American Express			100,125.00	<b>100,125.00</b>
38646	COMM	02582JHQ6	AMXCA 2.67% MAT	Redemption	06/17/2019	American Express		1,134,687.57		<b>1,134,687.57</b>
38708	COMM	161571HN7	CHAIT 2.1227% MAT	Interest	06/17/2019	CHASE ISSUANCE			89,527.46	<b>89,527.46</b>
38708	COMM	161571HN7	CHAIT 2.1227% MAT	Redemption	06/17/2019	CHASE ISSUANCE		811,235.32		<b>811,235.32</b>
38785	COMM	58769DAE0	MBALT 2.01% MAT	Interest	06/17/2019	MERCEDES-BENZ			6,700.00	<b>6,700.00</b>
38785	COMM	58769DAE0	MBALT 2.01% MAT	Redemption	06/17/2019	MERCEDES-BENZ		101,459.71		<b>101,459.71</b>
38958	COMM	89231PAD0	TAOT 3.18% MAT	Interest	06/17/2019	TOYOTA AUTO REC			26,500.00	<b>26,500.00</b>
38958	COMM	89231PAD0	TAOT 3.18% MAT	Redemption	06/17/2019	TOYOTA AUTO REC		216,153.08		<b>216,153.08</b>
39013	COMM	43815AAC6	HAROT 3.16% MAT	Interest	06/17/2019	HONDA AUTO			57,274.99	<b>57,274.99</b>
39013	COMM	43815AAC6	HAROT 3.16% MAT	Redemption	06/17/2019	HONDA AUTO		480,828.74		<b>480,828.74</b>
39062	COMM	05522RCZ9	BACCT 3.0% MAT	Interest	06/17/2019	BANK OF AMERICA			50,350.00	<b>50,350.00</b>
39062	COMM	05522RCZ9	BACCT 3.0% MAT	Redemption	06/17/2019	BANK OF AMERICA		403,298.54		<b>403,298.54</b>
39082	COMM	05522RDA3	BACCT 3.1% MAT	Interest	06/17/2019	BANK OF AMERICA			38,750.00	<b>38,750.00</b>
39082	COMM	05522RDA3	BACCT 3.1% MAT	Redemption	06/17/2019	BANK OF AMERICA		276,476.62		<b>276,476.62</b>

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39190	COMM	58772TAC4	MBALT 3.1% MAT	Interest	06/17/2019	MERCEDES-BENZ			25,833.33	25,833.33
39190	COMM	58772TAC4	MBALT 3.1% MAT	Redemption	06/17/2019	MERCEDES-BENZ		329,107.03		329,107.03
39220	COMM	05522RCY2	BACCT 2.7% MAT	Interest	06/17/2019	BANK OF AMERICA			56,250.00	56,250.00
39220	COMM	05522RCY2	BACCT 2.7% MAT	Redemption	06/17/2019	BANK OF AMERICA		524,027.66		524,027.66
39320	COMM	05522RCY2	BACCT 2.7% MAT	Interest	06/17/2019	BANK OF AMERICA			45,000.00	45,000.00
39320	COMM	05522RCY2	BACCT 2.7% MAT	Redemption	06/17/2019	BANK OF AMERICA		420,026.60		420,026.60
39578	COMM	65479HAC1	NAROT 2.5% MAT	Interest	06/17/2019	Nissan Auto Receivab			23,611.12	23,611.12
39578	COMM	65479HAC1	NAROT 2.5% MAT	Redemption	06/17/2019	Nissan Auto Receivab		353,510.85		353,510.85
39586	COMM	14042WAC4	COPAR 2.51% MAT	Interest	06/17/2019	Capital One			9,412.50	9,412.50
39586	COMM	14042WAC4	COPAR 2.51% MAT	Redemption	06/17/2019	Capital One		159,048.23		159,048.23
39619	COMM	SYS39619	BCREPO 2.36% MAT	Purchase	06/18/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39620	COMM	313384HB8	FHDN DISC NOTE	Purchase	06/18/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
39617	COMM	SYS39617	BCREPO 2.38% MAT	Redemption	06/18/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39618	COMM	313384HA0	FHDN DISC NOTE	Redemption	06/18/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39617	COMM	SYS39617	BCREPO 2.38% MAT	Interest	06/18/2019	BARCLAYS CAPITAL			13,222.23	13,222.23
37059	COMM	43814RAC0	HAROT 1.21% MAT	Interest	06/18/2019	HONDA AUTO			4,399.22	4,399.22
37059	COMM	43814RAC0	HAROT 1.21% MAT	Redemption	06/18/2019	HONDA AUTO		566,802.83		566,802.83
38738	COMM	43814UAG4	HAROT 3.01% MAT	Interest	06/18/2019	HONDA AUTO			30,100.00	30,100.00
38738	COMM	43814UAG4	HAROT 3.01% MAT	Redemption	06/18/2019	HONDA AUTO		344,535.59		344,535.59
39269	COMM	43814WAC9	HAROT 2.83% MAT	Interest	06/18/2019	HONDA AUTO			32,427.08	32,427.08
39269	COMM	43814WAC9	HAROT 2.83% MAT	Redemption	06/18/2019	HONDA AUTO		285,991.05		285,991.05
39621	COMM	SYS39621	BCREPO 2.34% MAT	Purchase	06/19/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39622	COMM	313384HC6	FHDN DISC NOTE	Purchase	06/19/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
39619	COMM	SYS39619	BCREPO 2.36% MAT	Redemption	06/19/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39620	COMM	313384HB8	FHDN DISC NOTE	Redemption	06/19/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39619	COMM	SYS39619	BCREPO 2.36% MAT	Interest	06/19/2019	BARCLAYS CAPITAL			13,111.12	13,111.12
39623	COMM	SYS39623	BCREPO 2.32% MAT	Purchase	06/20/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39624	COMM	313384HD4	FHDN DISC NOTE	Purchase	06/20/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
39625	COMM	313384HD4	FHDN DISC NOTE	Purchase	06/20/2019	FHLB DISCOUNT	99,993,750.00			-99,993,750.00
39462	COMM	912796QM4	UNITED STATES	Redemption	06/20/2019	U.S. TREASURY		100,000,000.00		100,000,000.00
39621	COMM	SYS39621	BCREPO 2.34% MAT	Redemption	06/20/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39622	COMM	313384HC6	FHDN DISC NOTE	Redemption	06/20/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
37893	COMM	3134GBRZ7	FEDERAL HOME LN	Interest	06/20/2019	FHLMC NOTES			112,500.00	112,500.00
39621	COMM	SYS39621	BCREPO 2.34% MAT	Interest	06/20/2019	BARCLAYS CAPITAL			13,000.01	13,000.01
39327	COMM	05586VAD4	BMWLT 3.38% MAT	Interest	06/20/2019	BMW VEHICLE			18,250.00	18,250.00
39327	COMM	05586VAD4	BMWLT 3.38% MAT	Redemption	06/20/2019	BMW VEHICLE		182,394.79		182,394.79
39626	COMM	SYS39626	BCREPO 2.35% MAT	Purchase	06/21/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39628	COMM	3133EKR3	FEDERAL FARM CR	Purchase	06/21/2019	FFCB NOTES	15,000,000.00			-15,000,000.00
39629	COMM	3133EKR3	FEDERAL FARM CR	Purchase	06/21/2019	FFCB NOTES	10,000,000.00			-10,000,000.00
39627	COMM	313384HG7	FHDN DISC NOTE	Purchase	06/21/2019	FHLB DISCOUNT	149,971,875.00			-149,971,875.00

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39254	COMM	22533UTM5	CACPNY DISC NOTE	Redemption	06/21/2019	Credit Agricole Corp		25,000,000.00		25,000,000.00
39395	COMM	63763QTM9	NSCCPP DISC NOTE	Redemption	06/21/2019	NATL SEC		50,000,000.00		50,000,000.00
39413	COMM	9113A3TM6	UPS DISC NOTE	Redemption	06/21/2019	UNITED PARCEL		50,000,000.00		50,000,000.00
39480	COMM	7426M3TM1	PEFCO DISC NOTE	Redemption	06/21/2019	PRIVATE EXPORT		25,000,000.00		25,000,000.00
39623	COMM	SYS39623	BCREPO 2.32% MAT	Redemption	06/21/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39624	COMM	313384HD4	FHDN DISC NOTE	Redemption	06/21/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39625	COMM	313384HD4	FHDN DISC NOTE	Redemption	06/21/2019	FHLB DISCOUNT		100,000,000.00		100,000,000.00
38718	COMM	3133EJPX1	FEDERAL FARM CR	Interest	06/21/2019	FFCB NOTES			71,875.00	71,875.00
39623	COMM	SYS39623	BCREPO 2.32% MAT	Interest	06/21/2019	BARCLAYS CAPITAL			12,888.89	12,888.89
37615	COMM	43814TAC6	HAROT 1.72% MAT	Interest	06/21/2019	HONDA AUTO			13,170.20	13,170.20
37615	COMM	43814TAC6	HAROT 1.72% MAT	Redemption	06/21/2019	HONDA AUTO		786,508.16		786,508.16
39582	COMM	43815MAC0	HAROT 2.52% MAT	Interest	06/21/2019	HONDA AUTO			26,180.00	26,180.00
39582	COMM	43815MAC0	HAROT 2.52% MAT	Redemption	06/21/2019	HONDA AUTO		332,527.21		332,527.21
39630	COMM	SYS39630	BCREPO 2.38% MAT	Purchase	06/24/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39631	COMM	313384HH5	FHDN DISC NOTE	Purchase	06/24/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
39632	COMM	3138L2BU0	FNAMM 2.31% MAT	Purchase	06/24/2019	FNMA Multi-Family	6,869,281.17			-6,869,281.17
39626	COMM	SYS39626	BCREPO 2.35% MAT	Redemption	06/24/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39627	COMM	313384HG7	FHDN DISC NOTE	Redemption	06/24/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
37861	COMM	3134GBRU8	FEDERAL HOME LN	Interest	06/24/2019	FHLMC NOTES			243,750.00	243,750.00
37880	COMM	3134GBSM5	FEDERAL HOME LN	Interest	06/24/2019	FHLMC NOTES			46,325.00	46,325.00
37894	COMM	3134GBSW3	FEDERAL HOME LN	Interest	06/24/2019	FHLMC NOTES			43,750.00	43,750.00
38826	COMM	931142EG4	WALMART INC, SR	Interest	06/24/2019	WALMART			570,000.00	570,000.00
39626	COMM	SYS39626	BCREPO 2.35% MAT	Interest	06/24/2019	BARCLAYS CAPITAL			39,166.68	39,166.68
39633	COMM	SYS39633	BCREPO 2.4% MAT	Purchase	06/25/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39634	COMM	313384HJ1	FHDN DISC NOTE	Purchase	06/25/2019	FHLB DISCOUNT	149,990,499.99			-149,990,499.99
39635	COMM	7426M2BU4	PEFCO ZERO CPN	Purchase	06/25/2019	PRIVATE EXPORT	3,449,366.67			-3,449,366.67
39636	COMM	71344UUS6	PEPPP DISC NOTE	Purchase	06/25/2019	PEPSICO INC	23,803,790.63			-23,803,790.63
39388	COMM	459052HH2	WBDN DISC NOTE	Redemption	06/25/2019	World Bank Discount		50,000,000.00		50,000,000.00
39630	COMM	SYS39630	BCREPO 2.38% MAT	Redemption	06/25/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39631	COMM	313384HH5	FHDN DISC NOTE	Redemption	06/25/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39630	COMM	SYS39630	BCREPO 2.38% MAT	Interest	06/25/2019	BARCLAYS CAPITAL			13,222.21	13,222.21
36893	COMM	05582QAD9	BMWOT 1.16% MAT	Interest	06/25/2019	BMW VEHICLE			1,876.73	1,876.73
36893	COMM	05582QAD9	BMWOT 1.16% MAT	Redemption	06/25/2019	BMW VEHICLE		461,062.06		461,062.06
38387	COMM	3137AYCE9		Interest	06/25/2019	FHLMC Multi-Family			44,700.00	44,700.00
38387	COMM	3137AYCE9		Redemption	06/25/2019	FHLMC Multi-Family		559,601.92		559,601.92
38391	COMM	3137AYCE9		Interest	06/25/2019	FHLMC Multi-Family			16,762.50	16,762.50
38391	COMM	3137AYCE9		Redemption	06/25/2019	FHLMC Multi-Family		209,745.31		209,745.31
38412	COMM	09659QAD9	BMWOT 2.35% MAT	Interest	06/25/2019	BMW VEHICLE			62,666.66	62,666.66
38412	COMM	09659QAD9	BMWOT 2.35% MAT	Redemption	06/25/2019	BMW VEHICLE		973,761.02		973,761.02
38465	COMM	3137AWQH1	FHLMCM 2.307%	Interest	06/25/2019	FHLMC Multi-Family			10,727.55	10,727.55



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38465	COMM	3137AWQH1	FHLMCM 2.307%	Redemption	06/25/2019	FHLMC Multi-Family		158,870.83		158,870.83
38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	Interest	06/25/2019	FNMA Multi-Family			7,715.56	7,715.56
38477	COMM	3138LAYM5	FHLMCM 2.55% MAT	Redemption	06/25/2019	FNMA Multi-Family		5,571.90		5,571.90
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	Interest	06/25/2019	FHLMC Multi-Family			55,333.34	55,333.34
38643	COMM	3137B36J2	FHLMCM 3.32% MAT	Redemption	06/25/2019	FHLMC Multi-Family		517,852.64		517,852.64
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	Interest	06/25/2019	FNMA Multi-Family			9,919.78	9,919.78
38664	COMM	3136B1XP4	FNMAM 3.56% MAT	Redemption	06/25/2019	FNMA Multi-Family		12,012.57		12,012.57
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	Interest	06/25/2019	FNMA Multi-Family			9,919.78	9,919.78
38665	COMM	3136B1XP4	FNMAM 3.56% MAT	Redemption	06/25/2019	FNMA Multi-Family		12,012.57		12,012.57
38666	COMM	3137AYCE9		Interest	06/25/2019	FHLMC Multi-Family			26,250.08	26,250.08
38666	COMM	3137AYCE9		Redemption	06/25/2019	FHLMC Multi-Family		322,500.26		322,500.26
38744	COMM	3137AYCE9		Interest	06/25/2019	FHLMC Multi-Family			44,700.00	44,700.00
38744	COMM	3137AYCE9		Redemption	06/25/2019	FHLMC Multi-Family		549,365.49		549,365.49
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	Interest	06/25/2019	FHLMC Multi-Family			12,176.25	12,176.25
38854	COMM	3137B4WB8	FHLMCM 3.06% MAT	Redemption	06/25/2019	FHLMC Multi-Family		111,739.43		111,739.43
38864	COMM	3137B5JM6	FHLMCM 3.531%	Interest	06/25/2019	FHLMC Multi-Family			29,425.00	29,425.00
38864	COMM	3137B5JM6	FHLMCM 3.531%	Redemption	06/25/2019	FHLMC Multi-Family		235,676.32		235,676.32
38884	COMM	31381N7G2	FNMAM 3.27% MAT	Interest	06/25/2019	FNMA Multi-Family			9,674.98	9,674.98
38884	COMM	31381N7G2	FNMAM 3.27% MAT	Redemption	06/25/2019	FNMA Multi-Family		6,278.06		6,278.06
38945	COMM	3137B3NA2	FHLMC REMIC	Interest	06/25/2019	FHLMC Multi-Family			28,723.99	28,723.99
38945	COMM	3137B3NA2	FHLMC REMIC	Redemption	06/25/2019	FHLMC Multi-Family		260,681.57		260,681.57
39026	COMM	3137B5KW2	FHLMC SERIES	Interest	06/25/2019	FHLMC Multi-Family			28,816.67	28,816.67
39026	COMM	3137B5KW2	FHLMC SERIES	Redemption	06/25/2019	FHLMC Multi-Family		231,158.95		231,158.95
39093	COMM	3137FBUV6	FHLMCM 2.52688%	Interest	06/25/2019	FHLMC Multi-Family			46,508.62	46,508.62
39093	COMM	3137FBUV6	FHLMCM 2.52688%	Redemption	06/25/2019	FHLMC Multi-Family		1,468,124.92		1,468,124.92
39150	COMM	31381TYT1	FNMAM 2.75% MAT	Interest	06/25/2019	FNMA Multi-Family			70,731.83	70,731.83
39150	COMM	31381TYT1	FNMAM 2.75% MAT	Redemption	06/25/2019	FNMA Multi-Family		60,628.23		60,628.23
39158	COMM	31381RZ23	FNMAM 3.84% MAT	Interest	06/25/2019	FNMA Multi-Family			47,875.62	47,875.62
39158	COMM	31381RZ23	FNMAM 3.84% MAT	Redemption	06/25/2019	FNMA Multi-Family		25,637.70		25,637.70
39218	COMM	31381RLL6	FNMAM 3.84% MAT	Interest	06/25/2019	FNMA Multi-Family			39,158.22	39,158.22
39218	COMM	31381RLL6	FNMAM 3.84% MAT	Redemption	06/25/2019	FNMA Multi-Family		19,590.61		19,590.61
39219	COMM	31381RLL6	FNMAM 3.84% MAT	Interest	06/25/2019	FNMA Multi-Family			6,536.41	6,536.41
39219	COMM	31381RLL6	FNMAM 3.84% MAT	Redemption	06/25/2019	FNMA Multi-Family		3,270.12		3,270.12
39295	COMM	3137B04Y7	FHLMCM 2.615%	Interest	06/25/2019	FHLMC Multi-Family			58,837.51	58,837.51
39295	COMM	3137B04Y7	FHLMCM 2.615%	Redemption	06/25/2019	FHLMC Multi-Family		701,223.03		701,223.03
39319	COMM	3138LGKH8	FNMAM 2.47% MAT	Interest	06/25/2019	FNMA Multi-Family			53,173.61	53,173.61
39319	COMM	3138LGKH8	FNMAM 2.47% MAT	Redemption	06/25/2019	FNMA Multi-Family		535,232.14		535,232.14
39342	COMM	3137BQR90	FHLMCM 2.272%	Interest	06/25/2019	FHLMC Multi-Family			44,303.99	44,303.99
39342	COMM	3137BQR90	FHLMCM 2.272%	Redemption	06/25/2019	FHLMC Multi-Family		606,804.43		606,804.43
39457	COMM	3138EKX67	FNMAM 2.537% MAT	Interest	06/25/2019	FNMA Multi-Family			35,971.62	35,971.62

**SANTA CLARA COUNTY INVESTMENTS**  
**Transaction Activity Report**  
**Sorted by Fund - Transaction Date**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
39457	COMM	3138EKX67	FNMAM 2.537% MAT	Redemption	06/25/2019	FNMA Multi-Family		33,751.98		33,751.98
39587	COMM	3138LEYD7	FNMAM 1.97% MAT	Interest	06/25/2019	FNMA Multi-Family			32,145.51	32,145.51
39587	COMM	3138LEYD7	FNMAM 1.97% MAT	Redemption	06/25/2019	FNMA Multi-Family		29,781.91		29,781.91
39587	COMM	3138LEYD7	FNMAM 1.97% MAT	Interest	06/25/2019	FNMA Multi-Family			-30,071.60	-30,071.60
39587	COMM	3138LEYD7	FNMAM 1.97% MAT	Redemption	06/25/2019	FNMA Multi-Family				0.00
39637	COMM	SYS39637	BCREPO 2.41% MAT	Purchase	06/26/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39639	COMM	3133EKSJ7	FFCB 1.77% MAT	Purchase	06/26/2019	FFCB NOTES	9,959,300.00			-9,959,300.00
39638	COMM	313384HK8	FHDN DISC NOTE	Purchase	06/26/2019	FHLB DISCOUNT	149,990,625.00			-149,990,625.00
39633	COMM	SYS39633	BCREPO 2.4% MAT	Redemption	06/26/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39634	COMM	313384HJ1	FHDN DISC NOTE	Redemption	06/26/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
38831	COMM	3133EJSU4	FEDERAL FARM CR	Interest	06/26/2019	FFCB NOTES			126,500.00	126,500.00
39633	COMM	SYS39633	BCREPO 2.4% MAT	Interest	06/26/2019	BARCLAYS CAPITAL			13,333.33	13,333.33
39640	COMM	SYS39640	BCREPO 2.4% MAT	Purchase	06/27/2019	BARCLAYS CAPITAL	200,000,000.00			-200,000,000.00
39643	COMM	09659CTU2	BNP P DISC NOTE	Purchase	06/27/2019	BNP PARIBAS NY	49,996,777.78			-49,996,777.78
39641	COMM	313384HL6	FHDN DISC NOTE	Purchase	06/27/2019	FHLB DISCOUNT	149,990,791.68			-149,990,791.68
39642	COMM	21687BTU5	RABO DISC NOTE	Purchase	06/27/2019	RABOBANK	49,996,763.89			-49,996,763.89
39645	COMM	89233GA71	TOYO ZERO CPN	Purchase	06/27/2019	TOYOTA MOTOR	44,481,050.00			-44,481,050.00
39644	COMM	2546R3WQ3	WALTPP DISC NOTE	Purchase	06/27/2019	Walt Disney Company	39,780,466.67			-39,780,466.67
34292	COMM	SYS34292	MSTI 0.0%	Purchase	06/27/2019	MORGAN STANLEY	270,000,000.00			-270,000,000.00
38544	COMM	3133EJHS1	FEDERAL FARM CR	Redemption	06/27/2019	FFCB NOTES		24,500,000.00		24,500,000.00
39637	COMM	SYS39637	BCREPO 2.41% MAT	Redemption	06/27/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39638	COMM	313384HK8	FHDN DISC NOTE	Redemption	06/27/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
38544	COMM	3133EJHS1	FEDERAL FARM CR	Interest	06/27/2019	FFCB NOTES			275,625.00	275,625.00
39122	COMM	3134GSL60	FHLMC 3.0% MAT	Interest	06/27/2019	FHLMC NOTES			375,000.00	375,000.00
39123	COMM	3134GSJ48	FEDERAL HOME LN	Interest	06/27/2019	FHLMC NOTES			465,000.00	465,000.00
39637	COMM	SYS39637	BCREPO 2.41% MAT	Interest	06/27/2019	BARCLAYS CAPITAL			13,388.90	13,388.90
39646	COMM	313384HP7	FHDN DISC NOTE	Purchase	06/28/2019	FHLB DISCOUNT	99,983,333.34			-99,983,333.34
39647	COMM	313384HP7	FHDN DISC NOTE	Purchase	06/28/2019	FHLB DISCOUNT	99,982,500.00			-99,982,500.00
39648	COMM	313384HP7	FHDN DISC NOTE	Purchase	06/28/2019	FHLB DISCOUNT	9,998,333.33			-9,998,333.33
39649	COMM	3134GTX6	FEDERAL HOME LN	Purchase	06/28/2019	FHLMC NOTES	25,000,000.00			-25,000,000.00
39650	COMM	30229BUH8	XON DISC NOTE	Purchase	06/28/2019	Exxon Mobil Group	89,891,700.00			-89,891,700.00
36845	COMM	3136G3TD7	FEDERAL NATL MTG	Redemption	06/28/2019	FNMA NOTES		12,980,000.00		12,980,000.00
36846	COMM	3136G3TB1	FEDERAL NATL MTG	Redemption	06/28/2019	FNMA NOTES		12,050,000.00		12,050,000.00
36849	COMM	3136G3SC9	FEDERAL NATL MTG	Redemption	06/28/2019	FNMA NOTES		25,000,000.00		25,000,000.00
37289	COMM	3130AADN5	FEDERAL HOME	Redemption	06/28/2019	FHLB NOTES		40,000,000.00		40,000,000.00
38827	COMM	3134GSPR0	FHLMC 3.0% MAT	Redemption	06/28/2019	FHLMC NOTES		22,000,000.00		22,000,000.00
39640	COMM	SYS39640	BCREPO 2.4% MAT	Redemption	06/28/2019	BARCLAYS CAPITAL		200,000,000.00		200,000,000.00
39641	COMM	313384HL6	FHDN DISC NOTE	Redemption	06/28/2019	FHLB DISCOUNT		150,000,000.00		150,000,000.00
39642	COMM	21687BTU5	RABO DISC NOTE	Redemption	06/28/2019	RABOBANK		50,000,000.00		50,000,000.00
39643	COMM	09659CTU2	BNP P DISC NOTE	Redemption	06/28/2019	BNP PARIBAS NY		50,000,000.00		50,000,000.00

**SANTA CLARA COUNTY INVESTMENTS**  
**Transaction Activity Report**  
**Sorted by Fund - Transaction Date**

Investment #	Fund	CUSIP	Inv Descrip	TransactionType	TransactionDate	Issuer	New Principal	Principal Paydowns	Interest	Total Cash
36845	COMM	3136G3TD7	FEDERAL NATL MTG	Interest	06/28/2019	FNMA NOTES			77,880.00	<b>77,880.00</b>
36846	COMM	3136G3TB1	FEDERAL NATL MTG	Interest	06/28/2019	FNMA NOTES			66,275.00	<b>66,275.00</b>
36849	COMM	3136G3SQ9	FEDERAL NATL MTG	Interest	06/28/2019	FNMA NOTES			143,750.00	<b>143,750.00</b>
37289	COMM	3130AADN5	FEDERAL HOME	Interest	06/28/2019	FHLB NOTES			275,000.00	<b>275,000.00</b>
38334	COMM	3134GSAC9	FEDERAL HOME LN	Interest	06/28/2019	FHLMC NOTES			102,500.00	<b>102,500.00</b>
38827	COMM	3134GSPR0	FHLMC 3.% MAT	Interest	06/28/2019	FHLMC NOTES			330,000.00	<b>330,000.00</b>
39640	COMM	SYS39640	BCREPO 2.4% MAT	Interest	06/28/2019	BARCLAYS CAPITAL			13,333.32	<b>13,333.32</b>
37300	COMM	3133EG2P9	FEDERAL FARM CR	Interest	07/01/2019	FFCB NOTES			116,000.00	<b>116,000.00</b>
37301	COMM	3133EG2P9	FEDERAL FARM CR	Interest	07/01/2019	FFCB NOTES			174,000.00	<b>174,000.00</b>
<b>Totals for COMMINGLED POOL</b>							<b>34,585,569,726.</b>	<b>33,341,774,893.</b>	<b>30,317,769.22</b>	<b>-1,213,477,063.</b>
<b>Grand Total</b>							<b>34,585,569,726.</b>	<b>33,341,774,893.</b>	<b>30,317,769.22</b>	<b>-1,213,477,063.</b>

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**APPENDIX F**

**SANTA CLARA COUNTY TREASURY INVESTMENT POLICY**

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## 44.8 - TREASURY INVESTMENT POLICY

### 4.8.1 Statement of Intent

The purpose of this document is to set forth the County of Santa Clara's policy applicable to the investment of short term surplus funds. In general, it is the policy of the County to invest public funds in a manner that will provide a competitive rate of return with maximum security while meeting the cash flow requirements of the County, school districts and special districts whose funds are held in the County Treasury, in accordance with all state laws and County ordinances governing the investment of public funds.

### 4.8.2 Scope

This investment policy applies to all financial assets held by the County. Those assets specifically included in this investment policy are accounted for in the County's Comprehensive Annual Financial Report and are included here as part of the County's Commingled Investment Pool.

### 4.8.3 Objectives

The following investment objectives shall be applied in the management of the County's funds.

- (A) The foremost objective of the County's investment program shall be to safeguard principal. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- (B) The secondary objective shall be to meet the liquidity needs of its participants. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
- (C) The third objective shall be to attain a market rate of return (yield) throughout budgetary and economic cycles, taking into account the County's investment constraints and cash flow characteristics. The core of investments will be limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed.

### Risk Mitigation

Those factors that can lead to an unexpected financial loss can be broadly grouped into the following categories; credit risk, liquidity risk, interest rate risk and operational risk. Credit risk is the possibility that a bond issuer will default or that the change in the credit quality of counter-party will affect the value of a security. Liquidity risk for a portfolio that does not market value its holdings on a daily basis is the risk that sufficient cash or cash equivalents are not available and a security may have to be sold at a loss (based on its original cost) in order to meet a payment liability. Interest rate risk is the risk that the value of a fixed income security or portfolio will fall as a result of an increase in interest rates. Operational risk refers to potential losses resulting from inadequate systems, management failure, faulty controls, fraud and human error.

It is part of this policy to pursue the listed actions below to reduce the risk of exposure to the County's investments.

#### Credit Risk

- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
- Only purchasing securities that meet ratings standards specified in this policy.

- Conducting ongoing reviews as needed of all credit exposures within investment portfolios.
- Rating restrictions for all investments are denoted as requirements at time of purchase. If a security should incur a downgrade by either rating agency, placing the security on special surveillance to identify and monitor any continuing deterioration trends and, if warranted, selling the security.
- Reviewing the possible sale of a security whose credit quality is declining to minimize loss of principal.

### **Liquidity Risk**

- To the extent possible, matching investment maturities with anticipated cash demands, also known as creating static liquidity. Alternatively, apply application software to analyze and validate that cash from investment activity is sufficient to cover all liabilities.
- Since all possible cash demands cannot be anticipated, maintaining portfolios largely of securities with active secondary or resale markets (dynamic liquidity).
- Making investments that could be appropriately held to maturity without compromising liquidity requirements.
- Prior to approving or disapproving a withdrawal request (a reduction of liquidity), the County Treasurer shall determine that the proposed withdrawal will not adversely affect the interests of the other depositors in the County pool.

### **Interest Rate Risk**

- Not investing in securities maturing more than five years from the settlement date and limiting the weighted average maturity of the County's Commingled portfolio to two years or less.
- Limiting segregated investments to maturities of five years or less unless a longer term is specifically approved by the appropriate legislative body.
- Not investing in any funds in financial futures, option contracts, inverse floaters, range note or interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity.
- Ensuring that adequate resources are devoted to interest rate risk measurement.

### **Operational Risk**

- Establishing a system of internal controls, which is designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the County.
- Having an audit review to examine the system of internal controls to assure that established policies including risk management procedures are being complied with.

## **4.8.4 Standards of Care**

- (A) **Prudence.** The County Treasurer is a trustee and therefore a fiduciary subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the County Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that prudent person acting in a like capacity and familiar with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the County and the other depositors. Within the limitations of this section and



considering individual investments as part of an overall investment strategy, the County Treasurer is authorized to acquire investments as authorized by law.

The overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The County recognizes that no investment program is totally riskless and that the investment activities of the County are a matter of public record. Accordingly, the County recognizes that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that the portfolio is adequately diversified and that the sale of a security is in the best long-term interest of the County. Significant adverse credit changes or market price changes on County-owned securities shall be reported to the Board of Supervisors and the County Executive in a timely fashion.

- (B) **Competitive Transactions.** Where practicable, each investment transaction shall be competitively transacted with brokers/dealers/banks approved by the County Treasurer.
- (C) **Indemnification.** Investment officers acting in accordance with state laws, County ordinances, this policy and written procedures, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse development
- (D) **Ethics and Conflicts of Interest.** County employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and investment personnel shall subordinate their personal investment transactions to those of the County, particularly with regard to the timing of purchases and sales.

County officers and employees involved with the investment process shall refrain from accepting gifts that would be reportable under the Fair Political Practices Commission (FPPC) regulations.

Members of the Treasury Oversight Committee shall not accept any honoraria, gifts or gratuities from advisors, brokers, dealers, bankers or other persons with whom the County Treasury conducts business that would be reportable or prohibited under the FPPC regulations.

#### **4.8.5 Authorized Financial Dealers and Institutions**

The County Treasurer shall establish an approved list of brokers, dealers, banks and direct issuers of commercial paper to provide investment services to the County. It shall be the policy of the County to conduct security transactions only with approved institutions and firms. To be eligible for authorization, firms that are commercial banks must be members of the FDIC, and broker/dealers:

- Preferably should be recognized as a Primary Dealer by the Market Reports Division of the Federal Reserve Bank of New York, and
- Must maintain a secondary position in the type of investment instruments purchased by the County.

In addition, the firm must also qualify under SEC Rule 15C3-1 (Uniform Net Capital Rule). Approved broker/dealer representatives and the firms they represent shall be licensed to do business in the State of California.

The criteria for selecting security brokers and dealers from, to, or through whom the County Treasury may purchase or sell securities or other instruments, prohibits the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to any member of the governing board of any local agency that is a participant in the County Treasury or any candidate for those offices.

No public deposit shall be made except in a qualified public depository as established by state law. An annual analysis of the financial condition and professional institution/bank rating will be conducted by the County Treasurer and reported to the County Treasury Oversight Committee. Information indicating a material reduction in ratings standards or a material loss or prospective loss of capital must be shared with the Board of Supervisors, the County Executive, and the Oversight Committee in writing immediately.

To be eligible to receive local agency money, a bank, savings association, federal association or federally insured industrial loan company shall have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California communities, including low-and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code.

#### **4.8.6 County Treasury Oversight Committee**

A County Treasury Oversight Committee shall be established by the Board of Supervisors pursuant to Government Code Section 27130 et seq to advise the County Treasurer in the management and investment of the Santa Clara County Treasury. The Oversight Committee shall be comprised of six members representing the County, school districts and other local governments agencies whose funds are deposited in the County’s commingled pool and other segregated investments. Members of the Oversight Committee will be nominated by the Treasurer and confirmed by the Board of Supervisors. The Committee is comprised of the following members:

1. County Director of Finance
2. County Executive appointed by the Board of Supervisors
3. Representative appointed by a majority of the presiding officers of the legislative bodies of the special districts in the County that are required or authorized to deposit funds in the County Treasury.
4. County Superintendent of Schools or his or her designee.
5. Representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County.
6. One member of the public that has expertise in and or an academic background in public finance.

Each member may designate an alternate to serve in the absence of the member. The alternate shall take the oath office and file a conflict of interest report with the Clerk of the Board. The alternate shall exercise the vote of the member at meetings where the member is not present.

It is the responsibility of the County Treasury Oversight Committee to approve the investment policy prepared annually by the County Treasurer, to review and monitor the quarterly investment reports prepared by the County Treasurer, to review depositories for County funds and broker/dealers and banks as approved by the County Treasurer, and to cause an annual audit to be conducted to determine the County Treasury's compliance with all relevant investment statutes and ordinances, and this investment policy. Any receipt of honoraria, gifts, and gratuities from advisors, brokers, and dealers, bankers or other persons with whom the County Treasury conducts business by any member of the County Treasury Oversight Committee is limited to amounts that would not be prohibited by or reportable to the Fair Political Practices Commission. These limits may be in addition to the limits set by a committee member's own agency or by state law.

Nothing in this article shall be construed to allow the County Treasury Oversight Committee to direct individual investment decisions, select individual brokers, or dealers, or impinge on the day-to-day operations of the County Treasury.

#### **4.8.7 Eligible, Authorized and Suitable Investments**

All investments shall conform with state law including but not limited to Government Code 53600 et seq. and any further restrictions imposed by this policy (Authorized Investments). Where this section specifies a percentage limitation for a particular category of investment or specific issuer, that percentage is applicable only at the date of purchase. If subsequent to purchase, portfolio percentage constraints are above the maximum thresholds due to changes in value of the portfolio or changes due to revisions of the policy, then affected securities may be held to maturity in order to avoid principal losses. However, the County Treasurer may choose to rebalance the portfolio if percentage imbalances are deemed to impair portfolio diversification.

If after purchase securities are downgraded below the minimum required rating level the securities shall be reviewed for possible sale within a reasonable amount of time after the downgrade. Significant down grades and the action to be taken will be disclosed in the Quarterly Investment Report.

#### **U. S Treasury and Government Agencies**

There shall be no limit in the amount that may be invested in debt obligations that are backed by the full faith and credit of the United States government. This includes but is not limited to U. S. Treasury bills, notes or bonds. However, this does not include Medium-Term Corporate Notes or Deposit Notes, as described below.

There shall be no limit in the amount that may be invested in Federal Agencies of the United States or United States government sponsored-enterprise obligations, participations, and bond issuances including those issued by or fully guaranteed as to principal and interest by federal agencies or the United States government.

**Repurchase Agreements.** A repurchase agreement consists of two simultaneous transactions under the same agreement. One is the purchase of securities by an investor (County Treasury) from a bank or dealer. The other is the commitment by the bank or dealer to repurchase the securities at a specified price and on a date mutually agreed upon.

Repurchase agreements shall be entered into only with dealers and financial institutions which have executed a Master Repurchase Agreement with the County and are recognized as primary dealers with the Market Reports Division of the Federal Reserve Bank of New York.

- The term of the repurchase agreement is limited to 92 days or less. The securities underlying the agreement may be obligations of the United States Government, its agencies, or agency mortgage backed securities. For repurchase agreements that exceed 15 days, the maturities on purchased securities may not exceed 5 years.

- The purchased securities shall have a minimum market value, including accrued interest, of 102 percent of the dollar value of the agreement. Purchased securities shall be held in the County's custodian bank as safekeeping agent, and the market value of the securities shall be marked-to-market on a daily basis.

**Reverse Repurchase Agreements.** A reverse repurchase agreement consists of two simultaneous transactions under the same agreement. One is the sale of securities by the County Treasury to a bank or dealer. The other is the commitment by the County Treasury to repurchase the securities at a specified price and on a date mutually agreed upon.

Reverse repurchase agreements may only be transacted with dealers and financial institutions which have executed a Master Repurchase Agreement with the County as approved by the Board of Supervisors, and which are Primary Dealers of the Federal Reserve Bank of New York. Reverse repurchase transactions must meet the following requirements:

- Sold securities must be owned and fully paid a minimum of 30 days prior to transaction.
- The total of all reverse repurchase and securities lending agreements cannot exceed 20% of the portfolio's base value.<sup>1</sup>
- The term of the reverse repurchase agreement is not to exceed 92 days unless the agreement includes a written codicil that guarantees a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
- Funds obtained through a reverse repurchase agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement unless the reverse repurchase agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
- Reverse repurchase agreements may only be used to affect a “matched” transaction whereby the proceeds of the reverse are reinvested for approximately the same time period as the term of the reverse repurchase agreement.
- Reverse repurchase agreements may not exceed \$90 million.
- Investments in reverse repurchase agreements in which Treasury sells securities prior to purchase with a simultaneous agreement to repurchase the security may only be made upon prior approval of the Board of Supervisors.

Reverse Repurchase Agreements will be used solely for the intent of accessing liquid funds on a temporary basis and will not be used as a means to amplify portfolio returns.

All other cost-effective means of obtaining liquidity will be considered prior to exercising this option.

In exception to the above, a trial transaction will be permitted on a periodic basis as emergency preparation to ensure that internal systems and staff members remain up-to-date on processing procedures. The amount of the trial transaction will not exceed pre-established limits set by the Treasurer.

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<sup>1</sup>Base value of the County's Pool refers to the dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements or securities lending agreements.

**Securities Lending.** The mechanics behind a securities lending transaction consist of the County lending a security. The borrower, a financial institution, pledges collateral consisting of cash to secure the loan. Borrowers sometimes offer letters of credit as collateral. The lending agreement requires that the collateral must always exceed the market value of the security by 2%. Changes in the security's price during the term of the loan may require adjustments in the amount of collateral. The cash collateral obtained from the borrower is then invested in short-term assets for additional income. Also, the County is entitled to all coupon interest earned by the loaned security. At the end of the loan term, the transaction is unwound, the securities and collateral, which are held by a custodian bank, are returned to the original owners. The borrower is obliged to return the securities to the lender, either on demand from the County or at the end of any agreed term. Lending transactions must meet the following requirements:

- Loaned securities must be owned and fully paid a minimum of 30 days prior to transaction.
- The total of all reverse repurchase and securities lending agreements cannot exceed 20% of the portfolio's base value.
- The term of the securities lending agreement is not to exceed 92 days.
- Funds obtained through a securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the securities lending agreement.
- The objective of the transaction is to produce positive earnings.

To qualify as a counter-party to the County in a securities lending transaction, the broker/dealer must be recognized as a Primary Dealer by the Federal Reserve Bank and the County's custodial bank must indemnify the County against losses related to the broker-dealer.

**Non-negotiable Time Deposits (CDs) that are FDIC Insured and Collateralized Time Deposits.** Time deposits with banks or savings and loan associations shall be subject to the limitations imposed by the Government Code, as amended, and additional constraints prepared by the County Treasurer that would limit amounts to be placed with institutions based on creditworthiness, size, market conditions and other investment considerations.

**Negotiable Certificates of Deposit.** The bank issuing a negotiable certificate of deposit with a maturity of one year or less, must reflect the following or higher ratings from at least two of these *nationally recognized statistical rating organizations* (NRSRO's): Moody's (P1), Standard and Poor's (A1), and Fitch (F1). Certificates that exceed one year, must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (Aa3), Standard and Poor's (AA-), and Fitch (AA-). Negotiable certificates of deposit shall not exceed 30% of the surplus funds of the portfolio. No more than 5% of the portfolio shall be in a single bank.

**Bankers' Acceptances.** Investments in eligible bankers' acceptances of United States or foreign banks shall not exceed 180 days maturity from the date of purchase. This debt must reflect the following or higher ratings by at least two of these NRSRO's: Moody's (P1), Standard and Poor's (A1), and Fitch (F1). Bankers' Acceptances shall not exceed 40% of surplus funds. No more than 5% of the portfolio shall be invested in a single commercial bank.

**Commercial Paper.** Investments in commercial paper shall not have a maturity that exceeds 270 days. Commercial paper must reflect the following or higher ratings by at least two of these NRSRO's: Moody's (P1), Standard and Poor's (A1), and Fitch (F1). The issuer must meet the qualifications as indicated below pursuant to California Government Code:

If the commercial paper is short-term unsecured promissory notes issued by financial institutions or corporations, the issuer must:

- Be organized and operating in the United States as a general corporation;
- Have total assets in excess of five hundred million dollars (\$500,000,000); and
- If the issuer has senior debt outstanding, the senior debt must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (A3) Standard and Poor's (A-) and Fitch (A-)

If the commercial paper is asset backed, the issuer must:

- Be organized within the United States as a special purpose corporation, trust, or limited liability company; and
- Have program-wide credit enhancements including, but not limited to, over collateralization, letters of credit or surety bonds and include a liquidity vehicle.

Commercial paper shall not exceed 40% of the local agency's funds. No more than 5% of the portfolio shall be invested in any single issuer of commercial paper.

**Medium Term Corporate Notes or Deposit Notes.** The purchase of corporate notes shall be limited to securities that reflect the following ratings or higher by at least two of these NRSRO's: Moody's, (Aa3), Standard and Poor's (AA-), and Fitch (AA-). Medium term corporate notes or deposit notes (five years or less) shall be limited to 30% of surplus funds. No more than 5% of the portfolio shall be invested in any single corporation including those issuers whose debt is fully guaranteed as to principal and/or interest by federal agencies or the United States government.

#### **Local Agency California Investment Fund (LAIF)**

Funds may be invested in LAIF, a State of California managed investment pool up to the maximum dollar amounts in conformance with the account balance limits authorized by the State Treasurer.

**Municipal Obligations.** The purchase of municipal obligations shall include the following:

- Treasury notes or bonds of the state of California,** including other obligations such as registered state warrants, certificates of participation, lease revenue bonds and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
- Bonds, notes, warrants, certificates of participation, lease revenue bonds or other evidences of indebtedness of any local agency within this state,** including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.
- Registered treasury notes or bonds of any of the other 49 United States in addition to California,** including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

For those instruments that are rated, long term obligations must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-). Short term obligations must carry the following ratings or higher by at least one of these NRSRO's: Moody's (MIG-1), Standard and Poor's (SP-1), and Fitch (F-1). No more than 10% of surplus funds shall be in such obligations.

**Money Market Funds.** Companies issuing such money market funds must have assets under management in excess of \$500,000,000. The advisors must be registered with the Securities and Exchange Commission (SEC) and have at least five years' experience investing in such types of investments. The fund must reflect the highest rating by at least two of these NRSRO's: Moody's (Aaa), Standard and Poor's (AAA), and Fitch (AAA). No more than 20% of the Treasury's funds may be invested in money market funds and no more than 10% of the Treasury's funds may be invested in one money market fund. If the money market fund is tax-exempt then only one "AAA" rating by an NRSRO is required. The money market fund must also be "no-load", which is a fund that does not compensate sales intermediaries with a sales charge or commission that is deducted from the return of the fund.

**Asset Backed Securities.** Asset backed securities (ABS) are notes or bonds secured or collateralized by pools of loans such as installment loans or receivables.

- Securities shall be issued by an issuer whose debt must reflect the following ratings or higher by at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-).
- The asset backed security itself must reflect the following ratings or higher from at least two of these NRSRO's: Moody's (AA-), Standard and Poor's (Aa3) and Fitch (AA-).
- Asset backed securities together with mortgage backed securities may not exceed 20% of the Treasury's surplus money.

**Agency Mortgage Backed Securities.** Mortgage backed securities (MBS) are collateralized by pools of conforming mortgage loans or multi-family mortgage loans insured by FHLMC or FNMA and or guaranteed by FHA (GNMA).

- Agency mortgage backed securities together with asset backed securities may not exceed 20% of the Treasury's surplus money.

## **Supranational Debt Obligations**

United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development of the World Bank (IBRD) or the Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments must be rated "AAA" or better by at least two of the following, NRSRO's, Moody's, Standard and Poor's or Fitch and shall not exceed ten percent, in aggregate, of the Treasury's surplus funds.

## **General Parameters**

### *Socially Responsible Investments*

Whenever possible, in addition to and subordinate to the objectives set forth in section 4.8.3 herein, it is the County's policy to create a positive impact by investing in socially responsible corporations and agencies as defined by priorities set by the Board of Supervisors.

### *Ineligible Investments*

Ineligible investments include common stock, inverse floaters, range notes, mortgage-derived interest only strips and any security that could result in zero interest accrual if held to maturity or any security that does not pay (cash or earn accrued) interest in one year or at least semi-annually in subsequent years and any investment not authorized by this policy unless otherwise allowed by law and approved by the Board of Supervisors.

*Combined Issuer/Institutional limits.*

No more than 5% of the portfolio shall be invested in aggregate of any single institution of the following types: Bankers Acceptances, Commercial paper, Negotiable Certificates of Deposit, and Corporate Notes.

*Swaps*

Investments will be reviewed for the possibility of a swap to enhance yield when both securities have a similar duration so as not to affect the cash flow needs of the program. Swaps should have a minimum of five basis points before being transacted.

**4.8.8 Maximum Maturity**

The County Investment portfolio shall be structured to provide that sufficient funds from investments are available to meet the anticipated cash needs of the depositors in the County' commingled investment pool. The choice of investment instruments and maturities shall be based on an analysis of depositors cash needs, existing and anticipated revenues, interest rate trends and specific market opportunities. The average weighted maturity of the portfolio will not exceed two years and investments will have a maturity of no more than five years from the settlement date unless specifically approved by the Board of Supervisors to the provisions set forth elsewhere in this policy.

**4.8.9 Segregated Investments (excludes Commingled Funds)**

Segregated investments of instruments permitted in Government Code Section 53601 can be made upon proper authorization where cash flow or other factors warrant segregation from the commingled pool. Examples that may justify such segregation are bond or note proceeds, Retiree Health funds or Workers Compensation funds where longer term or matching term investments are warranted.

For segregated investment funds, no investment shall be made that could not appropriately be held to maturity without compromising liquidity requirements.

Segregated investments shall be limited to five years maturity unless a longer term is specifically approved by the appropriate legislative body.

Government Code Sections 53620 and 53622 grant the County authority to invest the assets of the Santa Clara County Retiree Health Trust in any form or type of investment deemed prudent by the governing body. Accordingly, the County Board of Supervisors has determined that up to 67 percent of the Trust's assets, excluding near-term liability payouts, may be invested in equities through mutual funds or through the direct purchase of common stocks by a money management firm(s) approved by the Board of Supervisors.

In accordance with the prudent person standard in Government Code Sections 53620 through 53622, the assets of the Santa Clara County Retiree Health Trust may be invested in bonds that have a final maturity of 30 years or less from purchase date, and in bonds that reflect the following ratings or higher from at least two of these NRSRO's: Moody's (A3), Standard and Poor's (A-), and Fitch (A-).

**4.8.10 Safekeeping and Custody**

All security transactions, including collateral for repurchase agreements, shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held in the name of the County by a custodian designated by the County Treasurer and evidenced by trade confirmations and safekeeping holdings reports.



The County Treasurer will approve certain financial institutions on an annual basis to provide safekeeping and custodial services for the County. Custodian banks shall be selected on the basis of their ability to provide service to the County's account and the competitive pricing of their safekeeping related services. All securities purchased by the County under this section shall be properly designated as an asset of the County and held in safekeeping by a custodial bank chartered by the United States Government or the State of California.

The County will execute custodial agreement(s) with its bank(s). Such agreements will outline the responsibilities of each party for the notification of security purchases and sales, address wire transfers as well as safekeeping and transaction costs, and provide details on procedures in case of wire failures or other unforeseen mishaps along with the liability of each party.

To be eligible for designation as the County's safekeeping and custodian agent, a financial institution shall meet the following criteria:

- Have a Moody's rating of P-1 or Standard and Poor's rating of - A1 for the most recent reporting quarter before the time of selection.
- Qualify as a depository of public funds in the State of California as defined in Government Code Section 53638.

The County Treasurer shall require each approved custodial bank to submit a copy of its Consolidated Report of Condition and Income (Call Report) to the County within forty-five days after the end of each calendar quarter.

It is the intent of the County to mitigate custodial credit risk by insuring that all securities are appropriately held.

Securities typically clear and settle as electronic book entries through the following clearinghouses: (1) the Depository Trust Corp. (DTC), a member of the Federal Reserve Bank; or (2) the Fed Book-Entry System, owned by the Federal Reserve. Governments generally do not have their own account in the Fed Book-Entry System or at DTC, but have access to those systems through large financial institutions who are members and participants. The County's securities within the clearing system are held under the Custodial Bank's name. The Custodial Bank's internal records identify the County as the underlying beneficial owner of securities.

Infrequently, physical certificates are used to reflect ownership of a security. When physical securities are received by the Custodial Bank, they are sent to a transfer agent to be registered into the Custodial Bank's nominee name. It is kept in the bank's vault until redeemed or sold. The Custodial Bank records identify the County as the underlying beneficial owner and include the securities on the County's Safekeeping report.

#### **4.8.11 Internal Controls and Accounting**

The County shall establish a system of internal controls, which is designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the County.

The County maintains its records on the basis of funds and account groups, each of which is considered a separate accounting entity. All investment transactions shall be recorded in the various funds of the County in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board.

The County shall establish a process for an annual review by either the County's internal or external auditor. This review will examine the system of internal controls to assure that the established policies and procedures are being complied with and many result in recommendations to change operating procedures to improve internal control.

#### **4.8.12 Reporting**

##### **(A) Methods.**

(i) The County Treasurer shall prepare an investment report quarterly, including a management summary that provides a clear status of the current investment portfolio, quarterly transactions, investment philosophy and market actions and trends. The management summary will be prepared in a manner which will allow the County to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the Board of Supervisors, the County Executive, the County Treasury Oversight Committee, Internal Auditor, and local agencies with funds on deposit in the County pool. The report will include the following:

- A listing of individual securities by type of investment and maturity held at the end of the reporting period.
- A composite of transactions purchased during the reporting period by type of security.
- Unrealized gains or losses resulting from appreciation or depreciation of securities held in the portfolio, by listing the cost of market value of securities.
- Average weighted yield to maturity of the portfolio and benchmark comparisons.
- Weighted average maturity of the portfolio.
- A summary of purchases during the reporting period by broker/dealers or banks showing the purchase date, issuing agency, amount purchased, cost and purchase date.
- A statement denoting the ability of the County to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not, be available.

(ii) The County Treasurer shall prepare a monthly report with a brief summary of the investment report and a listing of the transactions conducted during the month. The report will be provided to the Board of Supervisors, Treasury Oversight Committee and the local agencies with funds on deposit in the County Pool.

Material deviations from projected budgetary investment results shall be reported no less frequently than quarterly to the Board of Supervisors and the County Executive.

##### **(B) Performance Standards.**

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates, taking into account the County's investment risk constraints and cash flow needs.

The basis for measurement used to determine whether market yields/rate of return are being achieved shall be the State Treasurer's Local Agency Investment Fund (LAIF). It should be recognized, however, that since the investment parameters of LAIF are broader than the County's investment

policies, the returns realized by the County cannot necessarily be expected to exceed the returns realized by LAIF on a regular basis.

- (C) The County utilizes the following methods to pay for banking services and County administration of the investment function:

**General Banking Services.** General banking services such as safekeeping, items deposited, statements, account maintenance, etc., may be paid to the bank through direct payment or a combination of direct payment and compensating balance.

**Investment and Banking Administration Costs.** The County recovers staffing and other costs relating to the County's administration services for banking and investment functions provided to the County Treasury. The administrative costs are allocated against the earnings of the County pool prior to apportionment of earnings.

**Earnings Apportionment.** Earnings of the County pool are apportioned quarterly to all participants of the pool based on the average daily balance of each fund during the quarter.

Realized capital gains (the gain from securities sold at a higher price compared to cost) are added to quarterly earnings. Realized capital losses (the loss from securities sold at a lower price compared to cost) reduce quarterly earnings. To the extent that a realized capital loss exceeds the quarterly aggregate earnings of the Pool, the loss will be shared across all funds. The size of the write-down for any individual fund balance will be based on the average daily balance of each fund during the quarter in which the loss occurred.

Any apportioned earnings may not be available for withdrawal until all monies that have been earned (i.e., accrued) have actually been received by the County Treasurer.

#### **4.8.13 Investment Policy Adoption**

Pursuant to Government Code section 27133 the County Treasurer annually prepares an investment policy that is reviewed, monitored and approved by the County Treasury Oversight Committee. Any changes must be approved by the Board of Supervisors. Copies of the approved investment policy shall be circulated annually to local agencies with funds on deposit in the County pool.

#### **4.8.14 Voluntary Participants**

The County provides the opportunity for local agencies to deposit excess funds within the County's Commingled Pool-pursuant to Government Code section 53684. In order to participate, voluntary participants must sign the County's Disclosure and Agreement for Voluntary Deposits which outlines the terms and conditions of participation, including constraints on deposits and withdrawals from the pool. Voluntary participants must also submit a resolution duly adopted by its governing board authorizing the deposit of funds into the Investment Pool.

It is the County's policy to not allow access to the pool unless the voluntary participant agrees to a long-term relationship utilizing the pool and County Treasury for its primary banking needs. The County does not wish to enter into relationships where an entity is placing funds because yields for a time may be higher than what is available at other organizations, because such activity can have an adverse and unfair impact on the other participants. Upon approval of the Treasurer, accommodations may be made to utilize the County resources to

make specific investments or manage segregated funds for a voluntary participant at an agreed cost.

#### **4.8.14.1 Temporary Loans to Pool Participants**

Various public entities maintain funds on deposit with the County Treasury. From time to time, these public entities experience cash flow problems. Allowing these entities to temporarily borrow from the commingled investment pool is an alternative way to address their short-term cash flow problems. In order to ensure that these temporary loans comply with all legal requirements and investment pool objectives, no such transfers shall be made unless all of the following requirements are met:

- Because the commingled investment pool consists of deposits from both restricted and unrestricted sources, all transfers shall comply with all requirements of Government Code Sections 53601, 53840, 53841 and 53842, including the requirements that they be legally characterized as loans and formalized with “evidences of indebtedness,” and meet maturity and security criteria.
- All transfers shall comply with Article XVI, Section 6 of the California Constitution, including the limitations on borrowing amounts and loan periods
- No transfers shall be made during any fiscal year unless the Board of Supervisors has adopted a resolution authorizing transfers for that fiscal year. (Cal. Constitution Article XVI, Section 6; Government Code Section 25252.)
- Any inter-fund transfers between school district and community college accounts shall be formally approved by the district’s governing board and shall comply with all other requirements of Education Code Sections 42603, 42620 and 85220, including requirements regarding repayment, sufficient income, and maximum transfer amounts.
- No transfer may occur until the fund needing the transfer meets the revenue sufficiency test, consistent with state law and County investment pool investment-risk constraints, established by the Director of Finance to ensure repayment.
- Direct borrowing from the pool should be a last resort funding alternative. Pool participants will be encouraged to use all available internal sources for cash flow needs through inter-fund borrowing between the participant’s various funds.

The Director of Finance shall do all of the following:

- Proactively monitor fund balances.
- Establish early warning triggers to identify those funds most likely to incur an overdraft and require a transfer.
- Establish a revenue sufficiency test for the purpose of assessing repayment ability.
- Place tax apportionments assigned to an overdrawn fund in a lock box sequestered for credit to the investment pool.
- Establish and monitor investment pool exposure limits.
- Monitor funds to ensure that loans meet dry period (last Monday in April through June 30 of the fiscal year) financing restrictions.
- Restrict certain individual funds (e.g., bond reserve funds) from use as a borrowing source in inter-fund borrowing across funds held by pool participant.
- Establish a hierarchy of associated funds owned by each pool participant to be used as alternative funding sources in the event any of the participant’s funds needs a loan.

- Implement accounting procedures that either manually or automatically transfer funds from one fund to another based on preset rules.
- Report within the Quarterly Investment listing all loans extended by the investment pool to participants.

The County's external financial auditor shall regularly review all of the practices and procedures in this Section to ensure compliance with all legal requirements.

#### **4.8.15 Withdrawal of Funds by Voluntary Participants**

Public entities that are voluntary participants in the County pool who wish to make withdrawals for the purpose of investing outside of the County pool may request such withdrawals in accordance with the County Investment Management Agreement.

The County Treasurer will assess the proposed withdrawal on the stability and predictability of the investments in the County pool. Prior to approving or disapproving a withdrawal request, the County Treasurer shall determine that the proposed withdrawal will not adversely affect the interests of the other depositors in the County pool. Funds are withdrawn based on the market value.

#### **4.8.16 Warranties**

All depositors acknowledge that funds deposited in the Investment Pool are subject to market/investment risk, and that the County Treasurer makes no warranties regarding Investment Pool performance, including but not limited to preservation of capital or rate of return earned on funds deposited in the Investment Pool. Depositors knowingly accept these risks and waive any claims or causes of action against the County Treasurer, the County, and any employee, official or agent of the County for loss, damage or any other injury related to the Depositors' funds in the Investment Pool, with the exception of loss, damage or injury caused solely by the County Treasurer's material failure to comply with the County Investment Policy and all applicable laws and regulations.

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## APPENDIX G

### BOOK-ENTRY ONLY SYSTEM

*The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Refunding Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Refunding Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.*

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Refunding Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of

Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the



event that a successor depository is not obtained, Security certificates 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, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.