NEW ISSUE – BOOK ENTRY ONLY **RATINGS: Moody's: "Aa2"**

S&P: "AA"

(See "RATINGS" herein.)

In the opinion of Dannis Woliver Kelley, Bond Counsel to the District, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Series C Bonds with certain covenants contained in the Resolution authorizing the Series C Bonds and subject to the matters set forth under "TAX MATTERS" herein, interest on the Series C Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Series C Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof. See "TAX MATTERS" herein.

$65,500,000
SAN RAFAEL CITY HIGH SCHOOL DISTRICT
(Marin County, California)
ELECTION OF 2015
GENERAL OBLIGATION BONDS, SERIES C

$11,055,000
SAN RAFAEL CITY HIGH SCHOOL DISTRICT
(Marin County, California)
2019 GENERAL OBLIGATION REFUNDING BONDS
(Federally Taxable)

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

The San Rafael City High School District (Marin County, California) Election of 2015 General Obligation Bonds, Series C (the "Series C Bonds") are being issued by the San Rafael City High School District (the "District") to (i) finance the acquisition, construction, furnishing and equipping of District facilities and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption "PLAN OF FINANCE – The Projects." The Series C Bonds were authorized at an election within the District held on November 3, 2015 (the "2015 Election") at which at least fifty-five percent of the registered voters voting on the proposition voted to authorize the issuance and sale of $160,500,000 aggregate principal amount of general obligation bonds of the District (the "2015 Authorization"). The Series C Bonds are the third and final series of general obligation bonds to be issued under the 2015 Authorization.

The San Rafael City High School District 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds" and, together with the Series C Bonds, the "Bonds") are being issued by the District to (i) refund a portion of the District's outstanding 2011 General Obligation Refunding Bonds and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption "PLAN OF FINANCE – The Refunding." The Series C Bonds and the Refunding Bonds are issued on a parity basis with each other and with all other outstanding general obligation bonds of the District.

The Bonds are general obligations of the District only and are not obligations of the County of Marin (the "County"), the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* property taxes without limitation as to rate or amount (except for certain personal property which is taxable at limited rates), for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of, and premium, if any, and interest on each Bond as the same becomes due and payable.

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2020. See ''THE BONDS'' herein.

The Bonds will be issued in book-entry form only, in denominations of $5,000 or integral multiples thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry Only System."

The Series C Bonds are subject to redemption prior to maturity as described herein. The Refunding Bonds are not subject to redemption. See "THE BONDS – Redemption" herein.

MATURITY SCHEDULE
On Inside Cover Pages

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of legality by Dannis Woliver Kelley, San Diego, California, Bond Counsel, and certain other conditions. Dannis Woliver Kelley, San Diego, California, is acting as Disclosure Counsel to the District for the issue. Certain matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Denver, Colorado. It is anticipated that the Bonds will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about November 13, 2019.

STIFEL

The Date of this Official Statement is: October 31, 2019.

MATURITY SCHEDULE

$65,500,000
San Rafael City High School District
(Marin County, California)
Election of 2015 General Obligation Bonds, Series C

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[1] (799289)
2021	$2,000,000	4.000%	0.950%	LQ4
2022	1,505,000	4.000	0.950	LR2
2023	250,000	4.000	0.960	LS0
2024	400,000	4.000	0.990	LT8
2025	615,000	4.000	1.040	LU5
2026	830,000	4.000	1.120	LV3
2027	655,000	4.000	1.210	LW1
2028	795,000	4.000	1.310	LX9
2029	950,000	4.000	1.410	LY7
2030	1,115,000	5.000	1.520*	LZ4
2031	1,305,000	5.000	1.610*	MA8
2032	1,495,000	5.000	1.680*	MB6
2033	1,705,000	5.000	1.730*	MC4
2034	1,930,000	4.000	1.970*	MD2
2035	2,150,000	4.000	2.080*	ME0
2036	2,390,000	4.000	2.170*	MF7
2037	2,640,000	2.625	2.790	MG5
2038	2,875,000	3.000	2.690*	MH3
2039	3,130,000	3.000	2.720*	MJ9
2040	3,400,000	3.000	2.750*	MW0

$12,090,000 4.000% Term Bonds due August 1, 2043; Yield 2.430%*, CUSIP[1] 799289 MK6

$21,275,000 3.000% Term Bonds due August 1, 2047; Yield 2.920%*, CUSIP[1] 799289 ML4

---

* Yield to par call on August 1, 2029.

MATURITY SCHEDULE

$11,055,000
San Rafael City High School District
(Marin County, California)
2019 General Obligation Refunding Bonds
(Federally Taxable)

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[2] (799289)
2020	$340,000	1.694%	1.694%	MM2
2021	250,000	1.774	1.774	MN0
2022	1,555,000	1.813	1.813	MP5
2023	1,660,000	1.865	1.865	MQ3
2024	1,755,000	1.965	1.965	MR1
2025	1,380,000	2.201	2.201	MS9
2026	1,480,000	2.301	2.301	MT7
2027	1,585,000	2.436	2.436	MU4
2028	1,050,000	2.486	2.486	MV2

No dealer, broker, salesperson or other person has been authorized by the San Rafael City High School District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell, the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Marin, the County of Marin has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "THE MARIN COUNTY POOLED INVESTMENT FUND."

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 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."

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, institutional investors, banks or others at prices lower or higher than the public offering prices stated on the inside cover pages hereof and said public offering prices may be changed from time to time by the Underwriter.

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 Bonds.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Marin County, State of California

<u>Board of Education</u>

Greg Knell, *President*
Maika Llorens Gulati, *Vice President*
Linda M. Jackson, *Member*
Rachel Kertz, *Member*
Natu Tuatagaloa, *Member*

<u>District Administrators</u>

Jim Hogeboom, *Superintendent of Schools*
Mayra Perez, Ed.D., *Deputy Superintendent, Instruction*
Doug Marquand, *Assistant Superintendent of Business Services*
Amy Baer, *Assistant Superintendent of Human Resources*

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
San Diego, California

Financial Advisor

Isom Advisors, a Division of Urban Futures Incorporated
Walnut Creek, California

Paying Agent, Transfer Agent, Registration Agent and Escrow Agent

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

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

[Intentionally left blank]

$65,500,000 **SAN RAFAEL CITY HIGH SCHOOL DISTRICT** **(Marin County, California)** **ELECTION OF 2015** **GENERAL OBLIGATION BONDS, SERIES C**	**$11,055,000** **SAN RAFAEL CITY HIGH SCHOOL DISTRICT** **(Marin County, California)** **2019 GENERAL OBLIGATION REFUNDING BONDS** **(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 pages 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 Bonds to potential investors is made only by means of the entire Official Statement.

The San Rafael City High School District (the "District") proposes to issue $65,500,000 aggregate principal amount of its Election of 2015 General Obligation Bonds, Series C (the "Series C Bonds") under and pursuant to a bond authorization (the "2015 Authorization") for the issuance and sale of not more than $160,500,000 of general obligation bonds approved by 55% or more of the qualified voters of the District voting on the proposition at a general election held on November 3, 2015 (the "2015 Election"). Subsequent to the issuance of the Series C Bonds, no additional general obligation bonds will remain for issuance pursuant to the 2015 Authorization.

Proceeds from the sale of the Series C Bonds will be used to (i) finance the acquisition, construction, furnishing and equipping of District facilities and (ii) pay certain costs of issuance associated therewith. See "PLAN OF FINANCE – The Projects" herein.

The District also proposes to issue $11,055,000 aggregate principal amount of its 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds" and together with the Series C Bonds, the "Bonds") in order to (i) refund its 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds") maturing on August 1, 2022 through August 1, 2028, inclusive, (the "Refunded Bonds") and (ii) pay all legal, financial and contingent costs in connection with the issuance of the Refunding Bonds. See "PLAN OF FINANCE – The Refunding" herein. The 2011 Refunding Bonds were issued to (i) refund a portion of the District's Election of 1999 General Obligation Bonds, Series A, (ii) refund a portion of the District's Election of 1999 General Obligation Bonds, Series B, (iii) refund a portion of the District's Election of 2002 General Obligation Bonds, Series A and (iv) refund a portion of the District's Election of 2002 General Obligation Bonds, Series B.

The Bonds are issued on a parity basis with each other and all outstanding general obligation bonds of the District.

Registration

The Bank of New York Mellon Trust Company, N.A. will act as the initial registrar, transfer agent and paying agent for the Bonds (the "Paying Agent"). As long as The Depository Trust Company, New York, New York ("DTC") is the registered owner of the Bonds and DTC's book entry-method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. See "THE BONDS – Description of the Bonds" herein.

The District

The District was established in 1861 by the Charter of the City of San Rafael (the "City") and provides ninth through twelfth grade education services to students residing in a territory consisting of most of the City and portions of the city of Larkspur, the town of Ross and unincorporated areas of the County of Marin (the "County"), encompassing a population of about 78,700 residents. The District operates two high schools and one continuation high school. The District is a "community-funded" district. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein for more information about community-funded districts. The District's average daily attendance ("ADA") is budgeted to be 2,499 students in fiscal year 2019-20. The District has a 2019-20 total assessed valuation of $18,162,598,122.

The District shares a common governing board, the Board of Education (the "Board"), and administration with San Rafael City Elementary School District (the "Elementary School District"), although the District and the Elementary School District are legally separate and independent school districts. The Elementary School District and one other elementary school district feed students into the District.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal and interest on the Bonds when due. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

Continuing Disclosure

The District has covenanted that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed by the District in connection with the Bonds. See "THE BONDS – Continuing Disclosure Agreement," "CONTINUING DISCLOSURE" herein and "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

Professionals Involved in the Offering

Dannis Woliver Kelley, San Diego, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. The Bank of New York Mellon Trust Company, N.A., Dallas Texas, is acting as registrar, transfer agent and paying agent for the Bonds and as escrow agent for the Refunding Bonds. Isom Advisors, a Division of Urban Futures Incorporated, Walnut Creek, California, is acting as Financial Advisor to the District in connection with the issuance of the Bonds. Kutak Rock LLP, Denver, Colorado, is acting as counsel to the Underwriter with respect to the Bonds. Causey Demgen & Moore P.C., certified public accountants, is acting as Verification Agent with respect to the Refunding Bonds. The above professionals will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and

Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein. 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 THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Closing Date

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about November 13, 2019.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Series C Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the Government Code of the State of California (the "Government Code") (commencing with Section 53506) and pursuant to a resolution of the Board of Education of the District adopted on September 23, 2019 (the "Series C Resolution").

The Refunding Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Articles 9 and 11 of the Government Code (commencing with Section 53550) and pursuant to a resolution of the Board of Education of the District adopted on September 23, 2019 (the "Refunding Resolution" and together with the Series C Resolution, the "Resolutions").

Purpose of Issue

The net proceeds of the Series C Bonds will be used to finance certain capital improvements for the District as specified in the District bond proposition submitted at the 2015 Election. See "PLAN OF FINANCE – The Projects" herein.

The net proceeds of the Refunding Bonds will be applied to refund the Refunded Bonds. See "PLAN OF FINANCE – The Refunding" herein.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued only as fully registered bonds in denominations of $5,000 principal amount or integral multiples thereof.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by The Bank of New York Mellon Trust Company, N.A., as Paying Agent, to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See "APPENDIX F – BOOK-ENTRY ONLY SYSTEM" herein.

Payment of the Bonds

Interest on the Bonds is payable commencing February 1, 2020, and semiannually thereafter on February 1 and August 1 of each year (each, an "Interest Payment Date"). The Bonds shall be issued in fully registered form, without coupons, in denominations of $5,000 or any integral multiple thereof.

Interest on each Bond shall accrue from its dated date at the interest rates applicable thereto as set forth on the inside cover pages hereof. Interest shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date (the "Record Date"). Interest with respect to each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest with respect thereto shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of $1,000,000 or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Redemption

Optional Redemption. The Series C Bonds maturing on or before August 1, 2029 are not subject to optional redemption prior to maturity. The Bonds maturing on and after August 1, 2030 may be redeemed before maturity at the option of the District, in whole or in part, from any source of available funds, on any date on or after August 1, 2029 at a redemption price equal to the par amount to be redeemed, plus accrued interest to the date of redemption, without premium.

The Refunding Bonds are not subject to redemption prior to their scheduled maturity dates.

Mandatory Redemption. The Series C Bonds maturing on August 1, 2043 are subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Payment Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Payment Date (August 1)	Principal Amount to be Redeemed
2041	$3,685,000
2042	4,020,000
2043*	4,385,000

* Maturity.

In the event that a portion of the Series C Bonds maturing on August 1, 2043 is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount of such Series C Bonds optionally redeemed.

The Series C Bonds maturing on August 1, 2047 are also subject to mandatory sinking fund redemption on August 1 of each Mandatory Sinking Fund Payment Date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Payment Date (August 1)	Principal Amount to be Redeemed
2044	$4,765,000
2045	5,120,000
2046	5,500,000
2047*	5,890,000

* Final maturity.

In the event that a portion of the Series C Bonds maturing on August 1, 2047 is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount of such Refunding Bonds optionally redeemed.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Series C Bonds and less than all Outstanding Series C Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall select Series C Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity. Within a maturity, the Paying Agent shall select Series C Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Series C Bond to be redeemed in part shall be in the Principal Amount of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized, the Paying Agent shall give notice of the redemption of the Series C Bonds at least 20 but not more than 45 days prior to the redemption date to the respective Owners of Series C Bonds designated for redemption by first class mail, postage prepaid. Such redemption notice shall specify: (a) the Series C Bonds or designated portions thereof (in the case of redemption of the Series C Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Series C Bonds to be redeemed, (f) the numbers of the Series C Bonds to be redeemed in whole or in part and, in the case of any Series C Bond to be redeemed in part only, the Principal Amount of such Series C Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Series C Bond to be redeemed in whole or in part. Such redemption notice shall further state that on the specified date there shall become due and payable upon each Series C Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Notice of redemption may be given on a conditional basis in contemplation of a refunding of the Series C Bonds.

Right to Rescind Notice of Redemption

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 Series C Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Debt Service Fund (the “Debt Service Fund”) or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series C Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Series C Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside for payment of the redemption price, the Series C Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Series C Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Series C Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, series, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Defeasance

If any or all Outstanding Bonds of a series shall be paid and discharged in any one or more of the following ways: (a) by well and truly paying or causing to be paid the principal of and interest on all Bonds Outstanding of such series, as and when the same become due and payable; (b) by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Debt Service Fund of the District plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds Outstanding of such series on their redemption date or at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or (c) by depositing with an institution to act as escrow agent selected by the District and which meets the requirements of serving as Paying Agent pursuant to the Resolution, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and described under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel with respect to the Series C Bonds, will not impair the exclusion from gross income for federal income tax purposes of interest on the Series C Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, in the opinion of a verification agent satisfactory to the District, to pay and discharge all Bonds Outstanding of such series at maturity or earlier redemption thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; then all obligations of the District and the Paying Agent under the respective Resolution with respect to such Outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under the Resolution.

Book-Entry Only System

The Bonds will be issued under a book-entry system, evidencing ownership of the Bonds in denominations of $5,000 principal amount or integral multiples thereof, with no physical distribution of Bonds made to the public. DTC will act as depository for the Bonds, which will be immobilized in their custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC. For further information regarding DTC and the book entry system, see APPENDIX F hereto.

Continuing Disclosure Agreement

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), in the form of APPENDIX D hereto, on or prior to the delivery of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. See "CONTINUING DISCLOSURE" herein and "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

SOURCES AND USES OF FUNDS

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

Sources of Funds	Series C Bonds	Refunding Bonds	Total
Principal Amount of Bonds	$65,500,000.00	$11,055,000.00	$76,555,000.00
Net Original Issue Premium	5,807,133.85	0.00	5,807,133.85
Total Sources	$71,307,133.85	$11,055,000.00	$82,362,133.85
Uses of Funds			
Deposit to Escrow Fund	$0.00	$10,904,008.00	$10,904,008.00
Deposit to Building Fund	65,340,000.00	0.00	65,340,000.00
Deposit to Debt Service Fund	5,545,133.85	0.00	5,545,133.85
Costs of Issuance[1]	422,000.00	150,992.00	572,992.00
Total Uses	$71,307,133.85	$11,055,000.00	$82,362,133.85

(1) Includes Underwriter's discount, Bond and Disclosure Counsel fees, financial advisory fees, paying agent and escrow agent fees, rating agency fees, verification agent fees, and other costs of issuance.

District Investments

The Marin County Director of Finance (the "County Treasurer") manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the County Treasurer by school and community college districts located in the County, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County Treasury.

The net proceeds from the sale of the Series C Bonds (other than premium) shall be paid to the County to the credit of the San Rafael City High School District Building Fund (the "Building Fund") established pursuant to the Series C Resolution and shall be disbursed for the payment of the costs of acquiring and constructing the Projects (as described below). Any premium or accrued interest received by the District from the sale of the Series C Bonds will be deposited in the Debt Service Fund. Earnings on the investment of moneys in either the Building Fund or the Debt Service Fund will be retained in the respective fund and used only for the purposes to which the respective fund may lawfully be applied. Moneys in the Debt Service Fund may only be applied to make payments of principal of and interest, and premium, if any, on bonds of the District. All funds held in the Building Fund and the Debt Service Fund will be invested by the County Treasurer at the direction of the District.

[Remainder of page intentionally left blank]

DEBT SERVICE SCHEDULES

The following table summarizes the annual principal and interest payments on the Bonds, assuming no optional redemption.

ANNUAL DEBT SERVICE ON THE BONDS

	Series C Bonds		Refunding Bonds		
Bond Year Ending August 1	Principal	Interest	Principal	Interest	Total Debt Service
2020	-	$1,672,055	$340,000	$166,964.49	$2,179,019.49
2021	$2,000,000	2,333,100	250,000	227,214.10	4,810,314.10
2022	1,505,000	2,253,100	1,555,000	222,779.10	5,535,879.10
2023	250,000	2,192,900	1,660,000	194,586.96	4,297,486.96
2024	400,000	2,182,900	1,755,000	163,627.96	4,501,527.96
2025	615,000	2,166,900	1,380,000	129,142.20	4,291,042.20
2026	830,000	2,142,300	1,480,000	98,768.40	4,551,068.40
2027	655,000	2,109,100	1,585,000	64,713.60	4,413,813.60
2028	795,000	2,082,900	1,050,000	26,103.00	3,954,003.00
2029	950,000	2,051,100	--	--	3,001,100.00
2030	1,115,000	2,013,100	--	--	3,128,100.00
2031	1,305,000	1,957,350	--	--	3,262,350.00
2032	1,495,000	1,892,100	--	--	3,387,100.00
2033	1,705,000	1,817,350	--	--	3,522,350.00
2034	1,930,000	1,732,100	--	--	3,662,100.00
2035	2,150,000	1,654,900	--	--	3,804,900.00
2036	2,390,000	1,568,900	--	--	3,958,900.00
2037	2,640,000	1,473,300	--	--	4,113,300.00
2038	2,875,000	1,404,000	--	--	4,279,000.00
2039	3,130,000	1,317,750	--	--	4,447,750.00
2040	3,400,000	1,223,850	--	--	4,623,850.00
2041	3,685,000	1,121,850	--	--	4,806,850.00
2042	4,020,000	974,450	--	--	4,994,450.00
2043	4,385,000	813,650	--	--	5,198,650.00
2044	4,765,000	638,250	--	--	5,403,250.00
2045	5,120,000	495,300	--	--	5,615,300.00
2046	5,500,000	341,700	--	--	5,841,700.00
2047	5,890,000	176,700	--	--	6,066,700.00
Total	$65,500,000	$43,802,955	$11,055,000	$1,293,899.81	121,651,854.81

The table on the following page summarizes the annual principal and interest payments on the outstanding general obligation bonds of the District.

DEBT SERVICE ON ALL OUTSTANDING GENERAL OBLIGATION BONDS

Bond Year Ending August 1	2002 Series B Bonds	2011 Refunding Bonds[1]	2015 Series A Bonds	2015 Series B Bonds	The Series C Bonds	The Refunding Bonds	Total Debt Service
2020	$3,530,000.00	$1,232,750.00	$1,080,350.00	$5,342,700.00	$1,672,055.00	$506,964.49	$13,364,819.49
2021	3,710,000.00	1,317,750.00	1,080,350.00	2,139,500.00	4,333,100.00	477,214.10	13,057,914.10
2022	3,895,000.00	--	1,080,350.00	2,139,500.00	3,758,100.00	1,777,779.10	12,650,729.10
2023	4,090,000.00	--	1,080,350.00	2,139,500.00	2,442,900.00	1,854,586.96	11,607,336.96
2024	4,290,000.00	--	1,180,350.00	2,139,500.00	2,582,900.00	1,918,627.96	12,111,377.96
2025	4,505,000.00	--	1,231,350.00	2,139,500.00	2,781,900.00	1,509,142.20	12,166,892.20
2026	4,735,000.00	--	1,295,150.00	2,139,500.00	2,972,300.00	1,578,768.40	12,720,718.40
2027	4,970,000.00	--	1,351,150.00	2,564,500.00	2,764,100.00	1,649,713.60	13,299,463.60
2028	5,220,000.00	--	1,419,550.00	2,658,250.00	2,877,900.00	1,076,103.00	13,251,803.00
2029	6,605,000.00	--	1,484,750.00	2,766,250.00	3,001,100.00	--	13,857,100.00
2030	--	--	1,552,250.00	2,872,500.00	3,128,100.00	--	7,552,850.00
2031	--	--	1,630,250.00	2,981,750.00	3,262,350.00	--	7,874,350.00
2032	--	--	1,704,450.00	3,093,500.00	3,387,100.00	--	8,185,050.00
2033	--	--	1,784,650.00	3,200,531.26	3,522,350.00	--	8,507,531.26
2034	--	--	1,871,900.00	3,312,431.26	3,662,100.00	--	8,846,431.26
2035	--	--	1,962,650.00	3,426,431.26	3,804,900.00	--	9,193,981.26
2036	--	--	2,053,900.00	3,546,181.26	3,958,900.00	--	9,558,981.26
2037	--	--	2,151,400.00	3,672,518.76	4,113,300.00	--	9,937,218.76
2038	--	--	2,256,000.00	3,797,843.76	4,279,000.00	--	10,332,843.76
2039	--	--	2,359,200.00	3,936,993.76	4,447,750.00	--	10,743,943.76
2040	--	--	2,470,800.00	4,074,318.76	4,623,850.00	--	11,168,968.76
2041	--	--	2,590,200.00	4,216,400.00	4,806,850.00	--	11,613,450.00
2042	--	--	2,711,800.00	4,364,650.00	4,994,450.00	--	12,070,900.00
2043	--	--	2,840,200.00	4,513,400.00	5,198,650.00	--	12,552,250.00
2044	--	--	2,974,800.00	4,671,200.00	5,403,250.00	--	13,049,250.00
2045	--	--	3,120,000.00	4,832,200.00	5,615,300.00	--	13,567,500.00
2046	--	--	--	8,265,800.00	5,841,700.00	--	14,107,500.00
2047	--	--	--	8,595,600.00	6,066,700.00	--	14,662,300.00
Total	$45,550,000.00	$2,550,500.00	$48,318,150.00	$103,542,950.08	$109,302,955.00	$12,348,899.81	$321,613,454.89

[1] Does not include debt service on the 2011 Refunding Bonds to be refunded by the Refunding Bonds described herein. See "PLAN OF FINANCE – The Refunding."

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds. See "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

The District received authorization to issue $160,500,000 principal amount of general obligation bonds pursuant to an election of the qualified electors within the District on November 3, 2015. Subsequent to the issuance of the Series C Bonds, no general obligation bonds will remain for issuance under the 2015 Authorization. The District is authorized to issue refunding bonds to refund its outstanding general obligation bonds (including general obligation refunding bonds) under the Government Code (commencing with section 53550 thereof).

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 and tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer and tax collector, as *ex officio* treasurer of each school district located in the county, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due.

Restrictions on use of *Ad Valorem* Taxes and Statutory Lien on Debt Service

Under State law, school districts may levy *ad valorem* taxes (in addition to their share of the 1% county tax to pay operating expenses) only to pay principal of and interest on general obligation bonds that, like the Bonds, are approved at an election to finance specified projects or are bonds issued to refund such general obligation bonds. Moreover, State law provides that the *ad valorem* taxes may be levied to pay the principal of and interest on bonds and for no other purpose. Consequently, under State law, the District is not authorized to divert revenue from *ad valorem* taxes levied to pay the Bonds to a purpose other than payment of the Bonds.

Pursuant to Section 53515 of the State Government Code, effective for any bonds issued on or after January 1, 2016, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the

District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

Under the Resolutions, the District has pledged, as security for the Bonds and the interest thereon, the proceeds from the levy of the *ad valorem* tax which the County levies and receives and all interest earnings thereon (the "Pledged Moneys"). The Pledged Moneys shall be used to pay the principal of, premium, if any, and interest on the Bonds when and as the same shall become due and payable.

The Bonds are the general obligations of the District, payable solely from Pledged Moneys and do not constitute an obligation of the County except as provided in the Resolutions. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon. Other than the Pledged Moneys, no funds or accounts of the District are pledged to payment of the Bonds.

PLAN OF FINANCE

The Projects

The District will apply the net proceeds of the Series C Bonds to finance the acquisition, construction, furnishing and equipping of District facilities in accordance with the bond proposition approved at the 2015 Election which includes the ballot measure and a project list.

The "Smaller Classes, Safer Schools, and Financial Accountability Act," a Constitutional amendment known as Proposition 39, controls the method by which the District will expend Series C Bond proceeds on its capital improvements. Prior to the 2015 Election, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the Series C Bonds, which was then submitted to the voters at the 2015 Election (the "Project List"). The District will prioritize the projects on the Project List and may not undertake to complete all components of the Project List.

The Refunding

The District intends to apply the net proceeds of the sale of the Refunding Bonds to (i) refund the 2011 Refunding Bonds maturing on August 1, 2022 through August 1, 2028, inclusive and (ii) pay the costs of issuance of the Refunding Bonds.

Upon the issuance of the Refunding Bonds, the District will deposit the net proceeds of the Refunding Bonds into an Escrow Fund (the "Escrow Fund") established pursuant to the Escrow and Deposit Agreement, by and between the District and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent") thereunder, in order to (i) pay interest on the Refunded Bonds coming due prior to August 1, 2021 (the "Redemption Date"), and (ii) redeem the Refunded Bonds on the Redemption Date, at a redemption price of the par amount of the Refunded Bonds plus accrued interest.

The sufficiency of amounts deposited into the Escrow Fund, together with investment earnings thereon, to effect the payment and redemption of the Refunded Bonds will be verified by Causey Demgen & Moore P.C., certified public accountants (the "Verification Agent"). See the caption "ESCROW VERIFICATION" herein.

As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter's and the Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* taxes for payment of the Refunded Bonds will also be satisfied and discharged. Amounts deposited into the Escrow Fund are not available to pay debt service on the Bonds.

TAX BASE FOR REPAYMENT OF THE BONDS

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

Ad Valorem **Property Taxation**

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, 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 property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee's fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee's fee ownership of land are transferred to the unsecured roll and are then subject to the County Treasurer's enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent, if unpaid, on August 31 and are subject to a 10% delinquency penalty. Unsecured property taxes remaining unpaid on October 31 are also subject to an additional penalty of one and one half percent per month on the first day of each month thereafter. The additional penalties shall continue to attach until the time of payment or until the time a court judgment is entered for the amount of unpaid taxes and penalties, whichever occurs first.

The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the respective County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES" herein.

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

In addition, certain classes of property such as cemeteries, free public libraries and museums, public schools, churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

[Remainder of page intentionally left blank]

The following table presents the historical assessed valuation in the District since fiscal year 2000-01. The District's total assessed valuation is $18,162,598,122 for fiscal year 2019-20.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Summary of Assessed Valuations
Fiscal Years 2000-01 Through 2019-20

	Local Secured	Utility	Unsecured	Total	Annual % Change
2000-01	$7,092,334,553	$2,790,368	$443,943,147	$7,539,068,068	--%
2001-02	7,741,035,117	2,778,393	467,647,923	8,211,461,433	8.9
2002-03	8,256,940,240	2,778,393	483,186,417	8,742,905,050	6.5
2003-04	8,836,575,337	3,624,721	476,635,712	9,316,835,770	6.6
2004-05	9,341,999,387	650,445	456,425,909	9,799,075,741	5.2
2005-06	10,129,085,797	650,445	449,688,846	10,579,425,088	8.0
2006-07	10,949,949,859	650,445	423,701,597	11,374,301,901	7.5
2007-08	11,646,869,287	650,445	413,710,661	12,061,230,393	6.0
2008-09	12,325,730,021	1,801,713	429,332,370	12,756,864,104	5.8
2009-10	12,398,828,931	1,801,713	451,240,262	12,851,870,906	0.7
2010-11	12,244,424,463	1,801,713	433,260,858	12,679,487,034	(1.3)
2011-12	12,338,726,196	1,801,713	431,879,609	12,772,407,518	0.7
2012-13	12,271,680,996	5,246,402	431,468,631	12,708,396,029	(0.5)
2013-14	12,735,823,072	5,246,402	448,725,221	13,189,794,695	3.8
2014-15	13,400,788,822	5,246,402	463,207,939	13,869,243,163	5.2
2015-16	14,223,882,447	5,246,402	453,665,799	14,682,794,648	5.9
2016-17	15,086,581,448	26,867,933[1]	479,443,289	15,592,892,770	6.2
2017-18	15,884,676,207	26,867,933	474,958,494	16,386,502,634	5.1
2018-19[1]	16,767,752,710	633,253[1]	466,425,339	17,234,811,302	5.2
2019-20	17,669,211,008	633,253	492,753,861	18,162,598,122	5.4

[1] Increase is due to inclusion of property owned by Pacific Gas & Electric Company. Subsequent decrease is due to such property being sold to a private owner and improvements commencing.
Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "SECURITY FOR THE BONDS."

Recent California Drought Conditions and Wildfires. Water shortfalls resulting from the driest conditions in recorded State history caused Governor Brown, on January 17, 2014, to declare a State-wide Drought State of Emergency for California and directed State officials to take all necessary actions to prepare for water shortages. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. Subsequent executive orders and Water Board regulations imposed reductions on water usage in response to the drought conditions. On April 7, 2017, the Governor announced the end of the State-wide drought in all but Fresno, Kings, Tulare and Tuolumne Counties in California but extended conservation measures indefinitely in order to prepare California for fluctuations in water conditions and potential future drought conditions. According to the U.S. Drought Monitor, as of March, 2019, California is not currently experiencing any drought conditions.

Additionally, in fall 2017 and summer and fall 2018, certain portions of the State were affected by large wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas. The District was not impacted by the wildfires.

The District cannot make any representation regarding the effects that the drought or fire conditions has had, or may have on the value of taxable property within the District, or to what extent drought or fire could cause disruptions to agricultural production, destroy property, reduce land values and adversely impact other economic activity within the boundaries of the District.

Reassessments and Appeals of Assessed Valuations

Pursuant to California Proposition 8 of November 1978 ("Proposition 8"), property owners may apply for a reduction of their property tax assessment by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the factors described in the paragraph above or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as lower residential home sale prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIIIA of the California Constitution."

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

County assessors, at their discretion, may also, from time to time, review certain property types purchased between specific time periods (e.g., all single family homes and condominiums purchased shortly prior to widespread declines in the fair market value of residential real estate within the county, as occurred between 2009 and 2011) and may proactively, temporarily reduce the assessed value of qualifying properties to Proposition 8 assessed values without owner appeal therefor.

A property that has been reassessed under Proposition 8, whether pursuant to owner appeal or due to county assessor review, is subsequently reviewed annually to determine its lien date value. Assuming no change in ownership or new construction, and if and as market conditions improve, the assessed value of a property with a Proposition 8 assessed value in place may increase as of each property tax lien date by more than the standard annual inflationary factor growth rate allowed under Article XIIIA (currently, a 2% annual maximum) until such assessed value again equals the Article XIIIA base year value for such property as adjusted for inflation and years of ownership, at which point such property is again taxed pursuant to Article XIIIA and base year values may not be increased by more than the standard Article XIIIA annual inflationary factor growth rate. A change in ownership while a property is subject to a

Proposition 8 reassessment assessed valuation will cause such assessed valuation to become fixed as a new Article XIIIA base year value for such property. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIIIA of the California Constitution” herein.

No assurance can be given that property tax appeals and reassessments in the future will not significantly reduce the assessed valuation of property within the District.

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

Assessed Valuation by Jurisdiction

The table below sets forth the assessed valuation within the District by political jurisdiction.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
2019-20 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Larkspur	$ 590,282,602	3.25%	$4,478,773,253	13.18%
Town of Ross	792,211	0.00	$2,162,088,115	0.04%
City of San Rafael	14,222,293,665	78.31	$14,258,620,833	99.75%
Unincorporated Marin County	3,349,229,644	18.44	$22,689,432,381	14.76%
Total District	$18,162,598,122	100.00%		
Marin County	$18,162,598,122	100.00%	$82,516,667,278	22.01%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use

The table below sets forth the assessed valuation of the taxable property within the District by land use.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
2019-20 Assessed Valuation and Parcels by Land Use

	2019-20 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total	No. of Taxable Parcels	% of Total
Non-Residential:						
Rural/Agricultural	$ 126,486,705	0.72%	29	0.12%	27	0.12%
Commercial	3,120,297,790	17.66	1,116	4.76	1,115	5.02
Vacant Commercial	43,442,364	0.25	128	0.55	117	0.53
Industrial	315,748,004	1.79	254	1.08	254	1.14
Vacant Industrial	6,999,407	0.04	28	0.12	24	0.11
Miscellaneous/ Tax-exempt	30,567,802	0.17	1,117	4.77	115	0.52
Subtotal Non-Residential	$3,643,542,072	20.62%	2,672	11.41%	1,652	7.43%
Residential:						
Single Family Residence	$10,386,991,025	58.79%	14,287	61.00%	14,272	64.20%
Vacant Single Family Residential	66,903,841	0.38	779	3.33	657	2.96
Condominium/Townhome	1,813,550,676	10.26	4,272	18.24	4,270	19.21
Mobile Home	8,177,594	0.05	171	0.73	167	0.75
Multiple Residential	1,735,400,723	9.82	1,205	5.14	1,183	5.32
Vacant Multiple Family Residential	14,645,077	0.08	36	0.15	28	0.13
Subtotal Residential	$14,025,668,936	79.38%	20,750	88.59%	20,577	92.57%
Total	$17,669,211,008	100.00%	23,422	100.00%	22,229	100.00%

[1] Local secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

[Remainder of page intentionally left blank]

Assessed Valuation of Single Family Homes

The following table sets forth ranges of assessed valuations of single family homes in the District for fiscal year 2019-20, including the median and average assessed value per single family parcel.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Per Parcel 2019-20 Assessed Valuation of Single Family Homes

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	14,272	$10,386,991,025	$727,788	$656,600

2019-20 Assessed Valuation	No. of Parcels [1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	500	3.503%	3.503%	$ 40,576,901	0.391%	0.391%
$100,000 - $199,999	2,019	14.147	17.650	289,331,246	2.786	3.176
$200,000 - $299,999	1,009	7.070	24.720	250,802,942	2.415	5.591
$300,000 - $399,999	874	6.124	30.844	306,542,099	2.951	8.542
$400,000 - $499,999	1,051	7.364	38.208	472,913,010	4.553	13.095
$500,000 - $599,999	1,072	7.511	45.719	588,461,008	5.665	18.760
$600,000 - $699,999	1,070	7.497	53.216	694,679,451	6.688	25.448
$700,000 - $799,999	1,163	8.149	61.365	869,799,661	8.374	33.822
$800,000 - $899,999	1,144	8.016	69.381	970,453,482	9.343	43.165
$900,000 - $999,999	1,083	7.588	76.969	1,025,545,996	9.873	53.039
$1,000,000 - $1,099,999	761	5.332	82.301	796,630,257	7.669	60.708
$1,100,000 - $1,199,999	543	3.805	86.106	622,041,573	5.989	66.697
$1,200,000 - $1,299,999	375	2.628	88.733	468,522,407	4.511	71.207
$1,300,000 - $1,399,999	310	2.172	90.905	417,176,288	4.016	75.224
$1,400,000 - $1,499,999	272	1.906	92.811	393,184,368	3.785	79.009
$1,500,000 - $1,599,999	197	1.380	94.191	304,857,050	2.935	81.944
$1,600,000 - $1,699,999	142	0.995	95.186	233,583,343	2.249	84.193
$1,700,000 - $1,799,999	122	0.855	96.041	212,851,103	2.049	86.242
$1,800,000 - $1,899,999	77	0.540	96.581	141,575,939	1.363	87.605
$1,900,000 - $1,999,999	77	0.540	97.120	150,048,784	1.445	89.050
$2,000,000 and greater	411	2.880	100.000	1,137,414,117	10.950	100.000
Total	14,272	100.000%		$10,386,991,025	100.000%	

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

[Remainder of page intentionally left blank]

Largest Taxpayers

The table below sets forth the largest local secured taxpayers within the District in fiscal year 2019-20.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
2019-20 Largest Local Secured Taxpayers

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total [1]
1.	California Corporate Center Acquisition	Commercial	$ 280,855,165	1.59%
2.	MGP XI Northgate LLC	Commercial	201,732,251	1.14
3.	RPR Larkspur Owner LLC	Apartments	171,601,764	0.97
4.	Skywalker Properties Ltd.	Rural/Commercial	115,618,508	0.65
5.	JPPF Larkspur Landing Office Park	Commercial	87,018,400	0.49
6.	Teachers Insurance & Annuity Association	Residential Properties	78,124,597	0.44
7.	Marin Country Mart LLC	Commercial	75,314,972	0.43
8.	BRE Properties Inc.	Apartments	64,906,940	0.37
9.	South Valley Apartments LLC	Commercial	55,198,648	0.31
10.	Northbay Properties II	Apartments	47,786,871	0.27
11.	Bay Apartment Communities Inc.	Apartments	45,263,334	0.26
12.	Barbara Fasken 1995 Trust	Commercial	45,074,118	0.26
13.	Marin Sanitary Service	Commercial	44,853,446	0.25
14.	Coastal City Partners LLC	Residential Properties	43,418,544	0.25
15.	1700 California Street Owners LLC	Commercial	42,857,100	0.24
16.	San Rafael Manor Inc.	Apartments	40,819,189	0.23
17.	Target Corporation	Commercial	38,264,210	0.22
18.	Mach II 4040 LLC	Commercial	37,600,561	0.21
19.	Hotel McInnis Marin LLC	Commercial	37,168,800	0.21
20.	San Rafael RE LLC	Commercial	35,000,000	0.20
			$1,588,477,418	8.99%

[1] 2019-20 local secured assessed valuation: $17,669,211,008
.Source: California Municipal Statistics, Inc.

The top 20 taxpayers on the secured roll for 2019-20 account for 8.99% of the secured assessed value in the District which is $17,669,211,008. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for 2019-20 was California Corporate Center Acquisition, accounting for 1.59% of the total secured assessed value in the District. No other secured taxpayer accounted for more than 1.14% of the total secured assessed value in the District. 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.

[Remainder of page intentionally left blank]

Tax Rates

The following table sets forth tax rates levied in Tax Rate Area 8-0008 within the District for fiscal years 2015-16 through 2019-20:

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Typical Tax Rate per $100 Assessed Valuation (TRA 8-000)(1)

	2015-16	2016-17	2017-18	2018-19	2019-20
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
San Rafael City High School District	.0266	.0502	.0365	.0167	.0600
San Rafael City Elementary School District	.0462	.0743	.0706	.0729	.0705
Marin Community College District	.0165	.0142	.0338	.0617	.0269
Marin Healthcare District	.0235	.0093	.0201	.0190	.0175
Total	$1.1128	$1.1480	$1.1610	$1.1875	$1.1749

(1) 2019-20 assessed valuation of 8-000 is $6,329,111,950.
Source: California Municipal Statistics, Inc.

The Teeter Plan

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan for the County, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan for the County is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County Treasury is the legal depository of tax collections.

Under the Teeter Plan, the District will receive 100% of its *ad valorem* property tax levied with respect to the Bonds irrespective of actual delinquencies in the collection of property taxes by the County.

The Teeter Plan of the County is to remain in effect unless the Board of Supervisors of the County 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 of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors of the County orders discontinuance of its Teeter Plan, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency. In addition, if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3%, the Board of Supervisors can terminate the Teeter Plan with respect to the District. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes would depend upon the collection of *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

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

Tax Levies and Delinquencies

The table below summarizes the annual secured tax levy and delinquencies within the District as of June 30 for fiscal years 2014-15 through 2018-19. The County has adopted the Teeter Plan. As a result, the District's receipt of property taxes is not subject to delinquencies so long as the Teeter Plan remains in effect.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2014-15 through 2018-19

	Secured Tax Charge[1]	Amt. Del. June 30	% Del. June 30
2014-15	$3,637,550.99	$29,298.78	0.81%
2015-16	3,762,333.64	24,869.60	0.66
2016-17	7,560,002.01	60,075.92	0.79
2017-18	5,776,385.89	28,797.82	0.50
2018-19	10,343,282.50	109,771.24	1.06

(1) General obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Numerous local agencies that provide public services overlap the District's service area. These local agencies have outstanding debt in the form of general obligation, lease revenue and special assessment bonds. The following table shows the District's estimated direct and overlapping bonded debt. The statement excludes self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations. The District has not reviewed this table and there can be no assurance as to the accuracy of the information contained in the table; inquiries concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc.

[Remainder of page intentionally left blank]

The following table is a statement of the District's direct and estimated overlapping bonded debt as of October 1, 2019:

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness

2019-20 Assessed Valuation: $18,162,598,122

	% Applicable	Debt 10/1/19	
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Marin Community College District	22.043%	$ 98,731,699	
San Rafael City High School District	**100.000**	**110,181,390**	(1)
Miller Creek School District	100.000	29,935,810	
San Rafael City Elementary School District	100.000	135,205,785	
Marin Healthcare District	26.426	96,731,052	
Twin Cities Police Authority Community Facilities District No. 2008-1	9.042	1,432,253	
Marin Emergency Radio Authority (Measure A)	22.011	6,905,951	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$479,123,940	
OVERLAPPING GENERAL FUND DEBT:			
Marin County General Fund Obligations	22.011%	$18,499,196	
Marin County Pension Obligation Bonds	22.011	17,194,993	
Marin County Transit District General Fund Obligations	22.011	10,389	
Marin Municipal Water District General Fund Obligations	27.817	10,682	
Marin Community College District General Fund Obligations	22.043	2,945,129	
San Rafael City Elementary School District Certificates of Participation	100.000	3,140,000	
City of Larkspur General Fund Obligations	13.18	3,512,825	
City of San Rafael General Fund and Pension Obligation Bonds	99.745	54,242,727	
Marinwood Community Services District General Fund Obligations	100.000	34,400	
Twin Cities Police Authority General Fund Obligations	7.271	10,994	
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$99,601,335	
Less: City of San Rafael General Fund Obligations supported by enterprise revenues		(4,887,505)	
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$94,713,830	
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$9,099,465	
GROSS COMBINED TOTAL DEBT		$587,824,740	(2)
NET COMBINED TOTAL DEBT		$582,937,235	

Ratios to 2019-20 Assessed Valuation:

DIRECT DEBT ($110,181,390)...0.61%

Total Direct and Overlapping Tax and Assessment Debt 2.64%
Combined Total Debt...3.24%
Net Combined Total Debt..3.21%

Ratio to Redevelopment Incremental Valuation ($3,108,004,332):
Total Overlapping Tax Increment Debt 0.29%

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

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's finances 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 and interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County on all taxable property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

State Funding of Education

On June 27, 2013, the State adopted a new method for funding school districts commonly known as the "Local Control Funding Formula." The Local Control Funding Formula ("LCFF") was implemented in stages, with full implementation in fiscal year 2018-19. Prior to adoption of the LCFF, the State used a revenue limit system described below.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as a part of the 2013-14 State Budget (defined below) enacted the LCFF beginning in fiscal year 2013-14, which replaced the revenue limit funding system and many categorical programs. See "-Revenue Limit Funding System" below. The LCFF distributes resources to schools through a guaranteed base funding grant (the "Base Grant") per unit of ADA. The average Base Grant is $7,643 per unit of ADA, which is $2,375 more than the average revenue limit. A Base Grant is assigned to each of four grade spans. Additional supplemental funding is made available based on the proportion of English language learners, low-income students and foster youth.

For fiscal year 2019-20, the base rates per unit of A.D.A. for each grade span are as follows: (i) $8,563 for grades K-3; (ii) $7,818 for grades 4-6; (iii) $8,050 for grades 7-8; and (iv) $9,572 for grades 9-12. Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. With full implementation of the LCFF, the provision of cost-of-living-adjustments is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals ("FRPM") and are not discussed separately herein). A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table sets forth the historical ADA and enrollment for fiscal years 2009-10 through 2017-18.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Historical ADA and Enrollment
Fiscal Years 2009-10 through 2017-18

Fiscal Year	ADA	Enrollment
2009-10	1,986	2,102
2010-11	1,973	2,090
2011-12	1,902	2,000
2012-13	1,972	2,066
2013-14	2,122	2,196
2014-15	2,240	2,365
2015-16	2,293	2,420
2016-17	2,401	2,519
2017-18	2,483	2,648

Source: San Rafael City High District.

[Remainder of page intentionally left blank]

The following table sets forth the ADA, enrollment, the percentage of EL/LI ("Unduplicated Count") enrollment for fiscal year 2018-19, budgeted for the current fiscal year and projections for fiscal years 2020-21 and 2021-22.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
ADA, English Language/Low Income Enrollment
Fiscal Years 2018-19 through 2021-22

Fiscal Year	ADA	Total Enrollment	% of Unduplicated Count
2018-19	2,475	2,669	52.37%
2019-20[1]	2,499	2,685	53.02
2020-21[2]	2,471	2,655	52.72
2021-22[2]	2,413	2,593	52.73

[1] Budgeted.
[2] Projected.
Source: San Rafael City High School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain schools districts, known as "community-funded" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community-funded school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for "community-funded" districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District currently qualifies as community-funded, as its local property tax collections exceed its LCFF funding entitlement and expects to continue to qualify as community-funded in future fiscal years. For fiscal year 2018-19, the District's local property tax receipts are estimated to have exceeded the District's total LCFF allocation by $1,877,730. The District has budgeted a 4.44% increase in its property tax revenues for fiscal year 2019-20 and 4% increases for fiscal years 2020-21 and 2021-22.

Accountability. The State Board of Education has promulgated regulations regarding the expenditure of supplemental and concentration funding, including a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such district on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has developed and adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, establishes a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Revenue Limit Funding System. Prior to the implementation of the LCFF, annual State apportionments of basic and equalization aid to school districts for general purposes were computed up to a revenue limit (described below) per unit of ADA. Generally, such apportionments amounted to the difference between the District's revenue limit and the District's local property tax allocation. Revenue limit calculations were adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all of the same type of California school districts (i.e., unified, high school or elementary). State law also provided for State support of specific school related programs, including summer school, adult education, deferred maintenance of facilities, pupil transportation, portable classrooms and other capital outlays and various categorical aids.

Revenue Sources

The District categorizes its general fund revenues into four sources; LCFF revenues, federal revenues, other State revenues and other local revenues. Each of these revenue sources is briefly described below.

LCFF Sources. State funding under the LCFF consists of Base Grants and supplemental grants as described above. This category also includes local property taxes. As a community-funded district, the District receives only special categorical funding from the State, as its local property tax collections exceed its LCFF funding entitlement. See "- State Funding of Education – Local Control Funding Formula" above.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Every Child Succeeds.

Other State Revenues. The District receives some other State revenues. These other State revenues are primarily restricted revenues funding items such as instructional materials, and various block grants.

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

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

[Remainder of page intentionally left blank]

The percentage of total general fund revenue for each source of revenue is shown in the following table.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Percentage of Revenue by Source

Revenue Source	2015-16	2016-17	2017-18	2018-19[(1)]	2019-20[(2)]
LCFF sources	73.0%	72.3%	72.7%	71.5%	77.8%
Federal revenues	2.3	3.4	2.7	2.6	2.7
Other State revenues	8.9	7.9	8.7	11.4	5.7
Other local revenues	15.8	16.3	15.8	14.6	13.8

(1) Based on unaudited actual financial results.
(2) Budgeted.
Source: San Rafael City High District.

Parcel Tax Revenues

A parcel tax was initially approved by the voters of the District in 1989 and was renewed in 1998, 2005 and most recently on May 7, 2013 for eight additional years. Pursuant to the May 7, 2013 ballot measure, the parcel tax was set at $139 per parcel per year. The parcel tax took effect in fiscal year 2013-14, expires in fiscal year 2021-22 and is subject to a five percent annual cost of living increase. The parcel tax amount in 2019-20 is $186.44 per parcel per year. Property owners who are 65 years and older are eligible, upon application, for an exemption from the parcel tax. In fiscal year 2019-20, the parcel tax is projected to generate approximately $3,400,000.

Developer Fees

The District receives developer fees per square foot pursuant to Education Code Section 17620 which must be used to fund construction or reconstruction of school facilities. Current developer fees are $1.17 per square foot for residential housing and $0.19 per square foot for commercial or industrial development. The District collected $110,426 for developer fees in fiscal year 2014-15, $42,227 in fiscal year 2015-16, $55,880 in fiscal year 2016-17, $59,500 in fiscal year 2017-18 and $64,800 in fiscal year 2018-19.

Budget Procedures

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

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. In 2014, Assembly Bill 2585 was enacted, which repealed provisions authorizing schools districts to use a dual budget adoption cycle. Instead, all school districts must be on a single budget cycle. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

The county superintendent will 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, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than August 20, the county superintendent must notify the State Superintendent of all school districts whose budget has been disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

The District has filed positive certifications for each reporting period in the last five years.

General Fund Budget. The District's general fund adopted budgets for fiscal years 2015-16 through 2019-20, audited actuals for the fiscal years 2015-16 through 2017-18 and unaudited actual financial results for fiscal year 2018-19 are set forth on the following page.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
GENERAL FUND BUDGETING

	Adopted Budget 2015-16[1]	Audited Actuals 2015-16[2][3]	Adopted Budget 2016-17[1]	Audited Actuals 2016-17[2][3]	Adopted Budget 2017-18[1]	Audited Actuals 2017-18[2][3]	Adopted Budget 2018-19[1]	Unaudited Actuals 2018-2019	Adopted Budget 2019-2020[1]
REVENUES									
LCFF/Revenue Limit Sources[3]	$23,554,756	$23,765,408	$24,824,360	$25,274,356	$26,079,661	$26,128,374	$27,358,113	$27,730,191	$28,701,289
Federal Sources	845,563	1,024,777	875,620	1,207,477	862,361	974,240	953,850	1,008,074	998,451
Other State Sources	1,999,053	2,069,808	1,204,979	2,781,818	2,095,766	3,138,524	2,507,919	4,409,244	2,085,185
Other Local Sources	4,947,522	4,994,302	5,033,239	5,501,485	4,604,781	5,540,276	4,705,849	5,657,593	5,102,666
Total Revenues	31,346,894	31,854,295	31,938,198	34,765,136	33,642,569	35,781,414	35,525,731	38,805,102	36,887,591
EXPENDITURES									
Certificated Salaries	14,362,442	14,695,720	15,078,627	15,156,164	15,390,989	15,979,447	15,660,202	15,649,737	16,039,876
Classified Salaries	4,350,061	4,471,532	4,635,675	4,551,952	4,822,396	4,818,335	5,102,418	4,834,204	5,073,616
Employee Benefits	5,879,790	5,913,815	6,508,813	7,247,638	8,165,260	7,740,488	8,399,393	9,779,171	8,666,687
Books & Supplies	1,787,604	3,272,060	1,683,273	1,676,686	1,436,740	1,458,639	1,357,454	1,444,281	1,415,454
Services & Other Operating Expenses	4,926,479	5,349,684	5,616,110	5,143,853	5,154,537	4,995,243	5,539,013	5,650,034	5,699,357
Capital Outlay	50,000	119,326	162,929	607,115	7,929	48,086	17,929	270,386	25,618
Other Outgo[4]	637,277	637,277	802,074	714,170	839,563	966,885	1,180,520	1,043,235	1,251,553
Total Expenditures	31,993,653	34,459,414	34,487,501	35,097,578	35,817,414	36,007,123	37,526,928	38,671,050	38,172,161
Excess (Deficiency) of Revenues Over Expenditures	(646,759)	(2,605,119)	(2,549,303)	(332,442)	(2,174,845)	(225,709)	(1,731,198)	134,052	(1,284,570)
Other Financing Sources (Uses)									
Interfund Transfers In	35,000	35,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Interfund Transfers Out	--	--	--	--	--	--	--	(84,845)	(73,160)
Net Other Sources (Uses)	--	--	--	--	--	--	--	--	--
Proceeds from Capital Leases	--	--	--	--	--	--	--	--	--
Net Financing Sources (Uses)	35,000	35,000	70,000	70,000	70,000	70,000	70,000	(14,845)	(3,160)
NET CHANGE IN FUND BALANCES	(611,759)	2,570,119	(2,479,303)	(262,442)	(2,104,845)	(155,709)	(1,661,198)	119,207	(1,287,730)
Fund Balances, July 1	8,189,779	8,193,779	8,312,843	8,312,843	5,340,820	8,050,401	5,826,429	7,894,692	6,484,178
Fund Balances, June 30	$7,578,020	$5,623,660	$5,833,540	$8,050,401	$3,235,975	$7,894,692	$4,165,231	$8,013,900	$5,196,448

(1) From the District's adopted budget for the given fiscal year.
(2) From the District's comprehensive audited financial statements for given fiscal years.
(3) Only includes the general fund and does not tie to the amounts shown in the Audited Statement of Revenues, Expenditures and Fund Balances under Audited Financial Statements of the District as that table also includes the financial activity of the Adult Education, Deferred Maintenance Fund and the Special Reserve for Postemployment Benefits.
(4) Combines Other Outgo categories, including Debt Service and Intergovernmental Transfers, for presentation purposes.
Source: San Rafael City High School District.

Comparative Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District, 310 Nova Albion Way, San Rafael, California 94903. See APPENDIX B hereto for the 2017-18 Audited Financial Statements of the District.

The table on the following page reflects the District's audited general fund revenues, expenditures and fund balances from fiscal year 2014-15 to fiscal year 2017-18.

[Remainder of page intentionally left blank]

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
GENERAL FUND
Statement of Revenues, Expenditures and Change in Fund Balances for Fiscal Years 2014-15 through 2017-18[(1)]

	2014-15	2015-16	2016-17	2017-18
REVENUES				
LCFF	$22,438,947	$23,821,121	$25,444,356	$26,205,356
Federal sources	760,665	753,514	1,207,477	974,240
Other state sources	1,516,842	2,899,941	2,782,494	3,139,757
Other local sources	4,683,374	5,137,024	5,738,088	5,692,449
Total Revenues	29,399,828	32,611,600	35,172,415	36,011,802
EXPENDITURES				
Current:				
Instruction	16,858,413	18,162,840	19,965,539	20,702,295
Instruction-related services:				
Supervision of instruction	1,287,788	1,490,788	1,863,738	1,543,824
Instructional library, media and technology	676,273	697,890	543,270	468,466
School site administration	2,151,768	2,166,727	2,286,211	2,420,467
Pupil support services:				
Home-to-school transportation	300,693	525,997	738,522	724,729
Food services	--	--	--	--
All other pupil services	1,811,955	1,976,785	1,899,038	2,225,339
Community services	77,497	82,915	73,161	72,579
General administration services:				
Data processing services	479,182	351,137	308,276	550,465
Other general administration	1,991,047	2,163,596	2,013,774	2,006,383
Plant services	3,731,325	3,697,609	3,677,364	3,870,159
Transfers of indirect costs	(33,702)	(31,018)	(30,503)	(36,092)
Facility acquisition and construction	--	--	--	--
Ancillary services	434,969	538,530	595,682	648,842
Capital Outlay	97,565	267,716	600,146	57,428
Intergovernmental transfers	543,286	660,826	681,190	942,149
Debt service – principal	12,635	31,595	32,171	24,513
Debt service – interest	619	1,384	808	223
Total Expenditures	30,421,313	32,785,317	35,248,387	36,221,769
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,021,485)	(173,717)	(75,972)	(209,967)
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	35,000	35,000	70,000	70,000
Interfund transfers out	(140,000)	--	--	--
Proceeds from capital leases	96,089	--	--	--
Total Other Financing Sources and Uses	(8,911)	35,000	70,000	70,000
Net Change in Fund Balance	(1,030,396)	(138,717)	(5,972)	(139,967)
Fund Balance , July 1, as originally stated	11,761,892	10,731,496	10,592,779	10,586,807
Fund Balance , June 30	$10,731,496	$10,592,779	$10,586,807	$10,446,840

[(1)] From the District's comprehensive audited financial statements for fiscal years 2014-16 through 2017-18, respectively. Audited Statement of Revenues, Expenditures and Fund Balances includes the Deferred Maintenance Fund and the Special Reserve for Postemployment Benefits and does not tie to the amounts in the general fund budgeting table as that table only includes the general fund.

Source: San Rafael City High School District.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information.

2018-19 State Budget. Governor Brown signed the fiscal year 2018-19 budget for the State (the "2018-19 State Budget") on June 27, 2018, forecasting revenues and transfers for 2018-19 of $141.8 billion and expenditures of $138 billion. For 2017-18, the 2018-19 State Budget includes revenues and transfers of $135.5 billion, an increase of almost $10 billion over the 2017-18 State Budget, and expenditures of $127 billion. The 2018-19 State Budget reflects continued economic expansion and increasing revenues, including record all-time capital gains tax revenues. The Rainy Day Fund is fully funded to $13.9 billion and an additional $200 million is deposited to the newly created Safety Net Reserve Fund. In recognition that the current economic prosperity can't continue indefinitely, the 2018-19 State Budget makes one-time spending commitments rather than on-going programmatic expenditures; primarily for infrastructure, homelessness and mental health. A new funding formula for higher education is adopted that provides increased funding for community college districts that serve low-income students and where students demonstrate certain success. Additionally, the California Online College is created in order to facilitate access to higher education for working adults.

With respect to K-12 education, the 2018-19 State Budget includes total funding of $97.2 billion ($56.1 billion State general fund and $41.1 billion from other funds) with per pupil funding from all sources of $16,352. LCFF funding is increased by $3.7 billion to reach full funding. Additionally, the 2018-19 State Budget provides $1.1 billion in one-time discretionary funds to school districts, charter schools and county offices of education. The 2018-19 State Budget also enacts a new Proposition 98 certification process to ensure annual Proposition 98 certifications.

Significant provisions of the 2018-19 State Budget relating to K-12 education are as follows:

- Career Technical Education—$164 million ongoing Proposition 98 funds to establish a K-12 specific program within the Strong Workforce Program and $150 million ongoing Proposition 98 funds to make permanent the Career Technical Education Inventive Grant Program.

- Low-Performing Student Block Grant—$300 million Proposition 98 funds for local education agencies with students performing at the lowest levels on academic assessments and that do not generate supplemental LCFF funds or special education resources.

- Early Education Expansion Program—$167.2 million Proposition 98 funds for inclusive early education and care for children up to the age of five in low-income and low access to care areas.

- Teacher Residency Grant Program—$75 million Proposition 98 funds to support one-year intensive, mentored, clinical teacher preparation programs with $50 million for preparing and retaining special education teachers and $25 million for bilingual and STEM teachers.

- Local Solutions Grant Program—$50 million Proposition 98 funds to provide one-time grants to local educational agencies for locally identified solutions for special education teachers.

- Classified School Employee Summer Assistance Program—$50 million Proposition 98 funds to provide state matching funds to classified school employees who defer paychecks to the summer recess period.

- Classified School Employee Professional Development Block Grant Program—$50 million Proposition 98 funds for professional development for classified staff with a priority on the implementation of school safety plans.

- English Language Proficiency Assessment for California—$27.1 million Proposition 98 funds to convert the paper-based ELPAC to a computer-based assessment and to develop an ELPAC assessment specific to students with exceptional needs.

- Charter School Facility Grant Program—$21.1 million one-time and $24.8 million ongoing Proposition 98 funds to reflect increases in programmatic costs.

- Kids Code After-School Program—$15 million Proposition 98 funds to increase opportunities for students in after-school programs to access computer coding education.

- Fire-Related Support—$4.4 million Proposition 98 funds in property tax relief to school districts impacted by the fires in Northern and Southern California in 2017, $25 million Proposition 98 funds through the LCFF and a hold-harmless provision for ADA for three years.

- California-Grown Fresh School Meals Grants—$1 million one-time Proposition 98 funds to encourage the purchase of California-grown food by schools and expand the number of freshly prepared school meals offered that use California-grown ingredients.

- Fiscal Crisis and Management Assistance Team—$972,000 Proposition 98 funds to allow FCMAT to coordinate with county offices of education to offer more proactive and preventive services to fiscally distressed school districts, specifically those with a qualified interim budget status.

2019-20 State Budget. On June 27, 2019, Governor Gavin Newsom signed the budget for the State for fiscal year 2019-20 (the "2019-20 State Budget"). Under the 2019-20 State Budget, general fund revenues and transfers are forecasted to total $150.6 billion with expenditures reaching $147.8 billion in fiscal year 2019-20. For fiscal year 2018-19, the 2019-20 State Budget includes revenues and transfers of $149.5 billion, an increase of $7.7 billion over the 2018-19 State Budget, and expenditures of $143 billion, approximately $5 billion greater than under the 2018-19 State Budget. The 2019-20 State Budget includes $14.3 billion for reserves and paying down debts which will bring the Rainy Day Fund to $16.5 billion at the end of fiscal year 2019-20. The 2019-20 State Budget also includes a $4.3 billion supplemental contribution to pay down the State's share of unfunded PERS liabilities and STRS liabilities. Current assumptions provide that the school district contribution rate to STRS would decrease from 18.13% to 16.7% in fiscal year 2019-20 and from 19.1% to 18.1% in fiscal year 2020-21 as a result of such one-time payment. See “SAN RAFAEL CITY HIGH SCHOOL DISTRICT - District Retirement Systems” herein.

The 2019-20 State Budget allocates total K-12 funding of $103.4 billion ($58.8 billion in Proposition 98 funds and $44.6 billion other funds). Total per-pupil funding would reach $17,423 in 2019-20 from all sources. LCFF funding includes an additional $1.9 billion in the form of a 3.26% COLA.

Significant features of the 2019-20 State Budget pertaining to K-12 education are as follows:

- Charter School Regulation — accountability requirements for charter schools to align governance, transparency and accountability requirements of school districts and charter schools.

- Special Education— $645.3 million Proposition 98 funds for special education allocated among school districts based on children ages 3 to 5 years old with exception needs served by a school district.

- Proposition 51 Bond Funds — $1.5 billion in bond funds to support school construction projects including new construction, modernization, retrofitting, career technical education, and charter school facility projects.

- Proposition 98 Settle-Up — $686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funds owed through 2017-18.

- Kindergarten Facilities — $300 million one-time non-Proposition 98 funds to construct new or retrofit existing facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.

- New Teacher Grants — $89.8 million one-time non-Proposition 98 funds to provide 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.

- After School Education and Safety Program (“ASES”) — $50 million ongoing Proposition 98 funds to provide an increase of approximately 8.3% to the per-pupil daily rate for ASES.

- Educator Workforce Grants — $37.1 million for the Educator Workforce Investment Grants for professional development in the following areas i) $22.1 million for social emotional learning, computer science, restorative practices, and ethnic studies; ii) $10 million implementation of the English-Learner Roadmap; iii) $5 million for special education and inclusive practices.

- 21st Century California Leadership Academy — $13.8 million 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.

- Classified Employees Summer Assistance Program — $36 million one-time Proposition 98 funds to provide a state match for classified employee savings used to provide income during summer months.

- Broadband Infrastructure — $7.5 million one-time non-Proposition 98 funds for broadband infrastructure.

- Longitudinal Data System — $10 million one-time non-Proposition 98 funds to plan for and develop a longitudinal data system to track impacts of investments in educational goals.

Future Actions. The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. No prediction can be made as to whether the State will take further measures which would, in turn, adversely affect the District. Further State actions taken to address its budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

The District cannot predict whether the State will encounter budgetary difficulties in the current or future fiscal years. The District also cannot predict the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control. The Bonds are secured by *ad valorem* taxes levied upon real property within the District.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the County assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the base year value. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on outstanding general obligation bonds of the District, including the Bonds. See "TAX BASE FOR REPAYMENT OF THE BONDS – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on 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% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of principal of and interest on the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Split Roll Property Tax Ballot Measure. On October 15, 2018, a proposed ballot initiative became eligible for the November 2020 statewide ballot (the "2020 Ballot Measure"). If approved by a majority of voters casting a ballot at the November 2020 statewide election, the 2020 Ballot measure would amend Article XIIIA such that the "full cash value" of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, the 2020 Ballot Measure would not affect the "full cash value" of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing the 2020 Ballot Measure, approximately 40% of the remaining additional tax revenues generated as a result of the 2020 Ballot Measure would be deposited into a fund created pursuant to the 2020 Ballot Measure called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding that school districts and community college districts receive under the State's constitutional minimum funding requirement. The District can no predict whether the 2020 Ballot Measure will appear on the statewide ballot at the November 2020 election or, if it does, whether the 2020 Ballot Measure will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of the 2020 Ballot Measure will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIIIA

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

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

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

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

Unitary Property

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

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution ("Article XIIIB"), as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

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

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

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "–Proposition 98" and "–Proposition 111" below.

Article XIIIC and Article XIIID of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school college districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District 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 one 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA 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.

Proposition 26

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

Proposition 98

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

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

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget.

Proposition 111

On June 5, 1990, the voters of California approved the Traffic Congestion Relief and Spending Limitation Act of 1990 ("Proposition 111"), which modified the State Constitution to alter the Article XIIIB spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

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

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

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

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

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

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

Proposition 39

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

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

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California (the "Controller")). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide. ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other "enforceable obligations" (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

The District can make no representations as to the extent to which its revenue limit apportionments may be offset by the future receipt of pass through tax increment revenues, or any other surplus property tax revenues pursuant to the Dissolution Act.

Proposition 30

On November 6, 2012, voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending January 1, 2019, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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

Proposition 55

At the November 8, 2016 general election, the voters in the State approved the Tax Extension of Education and Healthcare Initiative ("Proposition 55") which extends the increase in personal income tax on high-income taxpayers imposed under Proposition 30 until 2030. Proposition 55 did not extend the sales and use tax increases imposed under Proposition 30 which expired at the end of 2016.

Proposition 51

The Kindergarten through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) was a voter initiative that was approved by voters in the State on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State legislature will select among eligible projects as part of the annual state budget process.

The District makes no representation that it will either pursue or qualify for Proposition 51 State facilities funding.

Proposition 2

Proposition 2, a legislatively referred Constitutional amendment approved by the voters in November, 2014 ("Proposition 2"), changed the way in which the State pays off existing debts, funds its reserves and draws from those reserves in times of economic slowdowns, as well as requires that reserves be set aside for schools and community colleges under certain circumstances. In addition, as a result of the passage of Proposition 2, new rules for school district reserves were implemented.

Under Proposition 2, the State is required annually to deposit 1.5% of general fund revenues into the Budget Stabilization Account ("BSA"). From fiscal year 2015-16 through 2029-30, under Proposition 2, one half of the amount required to be deposited to the BSA must be applied to the payment of debts for pension and retiree benefits and specified debts to local governments and certain other State accounts. In years when capital gains tax revenues exceed 8% of general fund revenues, a portion of such excess capital gains tax revenue is also required to be applied to the pay down of State debt. Deposits to the BSA are required until the amount on hand in the BSA reaches 10% of general fund revenues. Once the maximum has been reached, the required deposit amount may be applied to other expenditures.

In the event the Governor were to declare a budget emergency, Proposition 2 would permit a smaller deposit to the BSA. A budget emergency may be called if there is a natural disaster such as an earthquake or flood or general fund revenues reach a certain minimum level. Withdrawals from the BSA, under Proposition 2, are permitted upon a majority vote of the legislature only when the Governor has declared a budget emergency. If a budget emergency is called for two straight years in a row, in the second budget emergency year, the entire amount on hand might be withdrawn.

Public School System Stabilization Account. In the event capital gains tax revenues collected by the State in any given fiscal year exceed 8% of general fund revenues, a portion of such excess is required to be deposited into the newly established under Proposition 2 Public School System Stabilization Account which serves as a reserve account for school funding in years when the State budget is smaller.

SB 858 and SB 751. State regulations require school districts to budget a reserve for economic uncertainties. The recommended minimum amounts vary from 1% to 5% of total expenditures and other financing uses, depending on the district's ADA. SB 858, adopted in June 2014, imposed limitations relating to ending fund balances for school districts. Beginning in 2015–16, a school district that proposes to adopt or revise a budget that includes an ending fund balance that is two to three times higher than the state's minimum recommended reserve for economic uncertainties must substantiate the need for the higher balance. SB 751, which was adopted in October 2017 and amended Section 42127.01 of the Education Code, placed certain restrictions on the amount of a school district's ending fund balances if a certain amount of funds is available in the State's PSSSA. In a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts for that fiscal year, (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES—Proposition 98"), a school district's adopted or revised budget may not contain an assigned or unassigned ending fund balance higher than 10% of expenditures and other financing uses. A county superintendent could waive the prohibition, pursuant to specified conditions, for up to two consecutive years within a three-year period. SB 751 does not apply to school districts with an ADA of less than 2,501 students and basic aid school districts.

If the cap is triggered, unless exempted, a school district would be required to increase expenditures in order to bring its ending fund balance down to the maximum level. The PSSA appears to be intended to provide a substitute for local reserves in the event of a future economic downturn.

The District is required to maintain a reserve for economic uncertainties at least equal to 3% of general fund expenditures and other financing uses. On June 30, 2019, the District had unassigned available reserves of $5,200,000, or approximately 13% of outgo. The District is unable to predict what the effect on its budget will be following implementation of these new rules. It is anticipated that if the cap is triggered, it will materially change the District's current policies on reserves.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 26, 98 and 111 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. The nature and impact of these measures cannot be anticipated by the District.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Introduction

The District was established in 1861 by the City Charter and provides ninth through twelfth education services to students residing in a territory consisting of most of the City and portions of the city of Larkspur, the town of Ross and unincorporated areas of the County encompassing a population of about 78,700 residents. The District operates two high schools and one continuation high school. The District's projected ADA for fiscal year 2019-20 is 2,499 students and the District has a 2019-20 total assessed valuation of $18,162,598,122. The audited financial statements for the District for the fiscal year ended June 30, 2018 are attached hereto as APPENDIX B.

The District shares a common governing board and administration with the Elementary School District, although the District and the Elementary School District are legally separate and independent school districts. Students within the Elementary School District as well as one other elementary school district feed students into the District. The Board consists of five members who were elected at-large to overlapping four-year terms at elections held in staggered years. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board members or by a special election. The years in which the current terms for each member of the Board expire are set forth in the following table:

BOARD OF EDUCATION

Name	Office	Term Expires December
Greg Knell	President	2020
Maika Llorens Gulati	Vice President	2020
Linda M. Jackson	Member	2020
Rachel Kertz	Member	2022
Natu Tuatagaloa	Member	2022

On March 25, 2019, the Board adopted a resolution indicating its intent to transition from at-large to by-trustee area elections, pursuant to the Elections Code. The Board has held two public hearings at which members of the public were able to provide input on the trustee area boundaries before trustee area maps are drafted. On August 26, 2019 the Board adopted a proposed map which will be reviewed and approved by the Marin County Committee on School District Organization. Once the transition is approved, Board elections will be transitioned to by-trustee area elections beginning with the 2020 election. The current Board members will continue in office until the expiration of their terms in 2020 or 2022.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: San Rafael City High School District, 310 Nova Albion Way, San Rafael, California 94903, Attention: Superintendent. The District may charge a small fee for copying, mailing and handling.

Key Personnel

The following is a listing of the key administrative personnel of the District and brief biographies of certain District administrators follow.

Name	Title
Jim Hogeboom	Superintendent of Schools
Dr. Mayra Perez	Deputy Superintendent, Instruction
Doug Marquand	Assistant Superintendent of Business Services
Amy Baer	Assistant Superintendent of Human Resources

Jim Hogeboom, Superintendent of Schools. Jim Hogeboom has served as the Superintendent of Schools of the District since July 1, 2019. Prior to the District, Superintendent Hogeboom served as superintendent of the Novato Unified School District for four years and as superintendent of Lucia Mar Unified School District for seven years. Superintendent Hogeboom has 28 years of education experience, also previously serving as Assistant Superintendent of the Corvallis Unified School District and principal in both Roseville City Schools and San Rafael City Schools. He began his teaching career as a high school teacher at Tamalpais High School. He earned a bachelor's degree in political science from the University of California, Berkeley and a Master's Degree in Education from San Francisco State University.

Employees and Labor Relations

The District has budgeted for approximately 138 full-time equivalent certificated academic professionals as well as approximately 77 full-time equivalent classified employees.

The certificated employees of the District have assigned the San Rafael Federation of Teachers ("SRFT") as their exclusive bargaining agent and the contract between the District and the SFRT expired on June 30, 2019. The parties are operating under the terms of the expired contract while negotiations are underway for a new contract.

The classified employees of the District have assigned the California School Employees Association ("CSEA") as their exclusive bargaining agent and the contract between the District and CSEA expires on June 30, 2021.

District Retirement Systems

The information set forth below regarding the District's retirement programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. The District is currently required by such statutes to contribute 17.10% of eligible salary expenditures, while participants contribute either 10.25% or 10.205% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 10.328% of teacher payroll for fiscal year 2019-20. The State's contribution reflects a base contribution of 2.017% and a supplemental contribution that will vary from year-to-year based on statutory criteria.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("AB 1469") which implemented a new funding strategy for STRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% in fiscal year 2015-16 and will continue to increase annually until the employer contribution rate is 19.10% of covered payroll as further described below. Teacher contributions also increased from 8.00% to a total of 10.25% of pay, phased in over the three year period from 2014-15 through 2017-18. The State's total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the STRS 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.

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

SCHOOL DISTRICT EMPLOYER CONTRIBUTION RATES
State Teachers' Retirement Fund

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

* The 2019-20 State Budget provided supplemental payments to STRS by the State which reduces the school district contribution rate under A.B. 1469.

The District contributed $1,241,534 to STRS for fiscal year 2014-15, $1,532,236 for fiscal year 2015-16, $1,807,539 for fiscal year 2016-17 and $2,228,300 for fiscal year 2017-18. Such contributions were equal to 100% of the required contributions for the respective years. The District estimates a contribution of $4,946,858 for fiscal year 2018-19 and has budgeted a contribution of $3,885,621 for fiscal year 2019-20. With the implementation of AB 1469, the District anticipates that its contributions to STRS 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 STRS in future fiscal years.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. The District is currently required to contribute to PERS at an actuarially determined rate, which is

19.721% of eligible salary expenditures for fiscal year 2019-20, while participants enrolled in PERS (whether enrolled prior to or subsequent to January 1, 2013) contribute 7% of their respective salaries.

On April 19, 2017, the Board of Administration of PERS adopted new contribution rates for school districts. The revised contribution rates are, as were the previous contribution rates, based on certain demographic assumptions adopted by the Board of Administration in February 2014 which took into account longer life spans of public employees from previous assumptions. Such demographic assumptions generally increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and were phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. PERS estimated that the new demographic assumptions would cost public agency employers up to 5% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that current and future experiences differ from PERS' assumptions, the required employer contributions may vary. The 2017-18 contribution rate also took into account increased payroll over 2016-17, a lowered discount rate (which was approved in December 2016) as well as lower than predicted investment returns in prior years. As a result of payments to be made by the State as part of the 2019-20 State Budget, the estimated future employer contribution rates to PERS were again revised downward for fiscal years 2019-20 through 2025-26 but remain subject to annual adoption by the PERS Board of Administration. See "DISTRICT FINANCIAL INFORMATION- State Budget Measures" herein.

The District contributed $457,967 to PERS for fiscal year 2014-15, $477,058 for fiscal year 2015-16, $616,451 for fiscal year 2016-17 and $744,254 for fiscal year 2017-18, which amounts equaled 100% of required contributions to PERS. The District estimates a contribution of $1,190,946 for fiscal year 2018-19 and has budgeted a contribution of $963,525 for fiscal year 2019-20.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for PERS and STRS as of July 1, 2018.

FUNDED STATUS
STRS (DEFINED BENEFIT PROGRAM) and PERS
Actuarial Valuation as of July 1, 2018
(Dollar Amounts in Millions) [(1)]

Plan	Accrued Liability	Market Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	$92,071	$64,846	($27,225)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	297,603	211,367	(107,52)

(1) Amounts may not add due to rounding.
Source: PERS State & Schools Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

Unlike PERS, STRS contribution rates for participant employers, employees hired prior to the Implementation Date (defined herein) and the State are set by statute and do not currently vary from year-to-year based on actuarial valuations. As a result of the Reform Act (defined below), the contribution rate for STRS participants hired after the Implementation Date will vary from year-to-year based on actuarial valuations. See "—California Public Employees' Pension Reform Act of 2013" below. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. AB 1469 is intended to address this unfunded liability. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employee's Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for members not participating in social security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

The District's proportionate shares of the net pension liability of STRS and PERS, as of June 30, 2018, are as shown in the following table.

Pension Plan	Proportionate Share of Net Pension Liability
STRS	$26,552,449
PERS	11,580,494
Total	$38,132,943

Source: San Rafael City High School District.

For further information about the District's contributions to STRS and PERS, see Note 11 in the District's audited financial statements for fiscal year ended June 30, 2018 attached hereto as Appendix B.

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.* The pronouncement required public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. In June 2015, GASB replaced Statement No. 45 with Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which the District implemented in fiscal year 2017-18.

Employees who are eligible to receive retiree employment benefits other than pensions ("Health & Welfare Benefits") while in retirement must meet specific criteria, *i.e.*, age and years with the District. Contribution requirements are established and may be amended by agreement between the District and each of its bargaining units. At July 1, 2017, 107 retirees and their beneficiaries were receiving Health & Welfare Benefits with 276 employees earning service credit towards eligibility.

Expenditures for Health & Welfare Benefits are recognized each pay period at a rate that approximates the amount of premiums paid. The District estimates expenditures of $2,488,820 for Health and Welfare Benefits for fiscal year 2018-19 and has budgeted $2,582,965 for Health & Welfare Benefits for fiscal year 2019-20, all of which will be used for current premiums.

The following table shows the changes in the District's net Health and Welfare Benefits as of June 30, 2018.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Health & Welfare Benefit Liability

	2018
Total OPEB Liability	
Service Cost	$537,236
Interest	235,686
Changes of assumptions or other inputs	(643,637)
Benefit payments	(264,014)
Net Change in Total Liability	(134,729)
Total liability - beginning	8,828,908
Total liability - ending	$8,694,179
Covered-employee payroll	$34,864,850
Total OPEB liability as a percentage of covered-employee payroll	24.94%

Source: San Rafael City High School District.

Risk Management

The District is exposed to various risks of loss related to tortious liability, theft, damage or destruction of assets, errors or omissions, employee injuries or natural disasters. The District participates in a joint venture under a joint powers agreement ("JPA"), the Marin Schools Insurance Authority ("MSIA"). The MSIA arranges for and provides workers' compensation, property and liability and health insurance for its member school districts. The District also receives excess workers' compensation coverage provided by the Schools Excess Liability Fund ("SELF"). The relationship between the District and the JPAs is such that the JPA is not a component unit of the District for financial reporting purposes.

The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and worker's compensation as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, The District believes that the recorded liabilities for self-insured claims are adequate.

[Remainder of page intentionally left blank]

District Debt Structure

Long-Term Debt. A schedule of the District's changes in long-term debt for the year ended June 30, 2018 is shown below:

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Long-Term Debt

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
General obligation bonds					
Principal payments	$71,215,315	--	$7,935,000	$63,280,315	$6,411,377
Accreted interest	16,921,967	$1,903,968	--	18,825,935	1,583,623
Unamortized premium	4,610,916	--	266,669	4,344,247	266,669
Total - Bonds	92,748,198	1,903,968	8,201,669	86,450,497	8,261,669
Capital Leases	24,513	--	24,513	--	--
OPEB	9,042,780	792,126	948,476	8,886,430	--
Compensated absences	52,888	82,749	--	335,637	--
Total	$102,068,379	$2,778,843	$9,174,658	$95,672,564	$8,261,669

Source: *San Rafael City High School District.*

General Obligation Bonds

On December 7, 1999, there was submitted to and approved by the requisite two-thirds or more affirmative vote of the qualified electors of the District voting on the proposition a question as to the issuance and sale of general obligation bonds for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of $13,000,000 (the "1999 Authorization"). Pursuant to the 1999 Authorization, on July 18, 2000, the County issued on behalf of the District $6,500,000 of the District's 1999 General Obligation Bonds, Series A (the "1999 Series A Bonds") and on August 15, 2002, the County issued on behalf of the District $6,500,000 of the District's Election of 1999 General Obligation Bonds, Series B (the "1999 Series B Bonds").

On November 5, 2002 there was submitted to and approved by the requisite 55% or more affirmative vote of the qualified electors of the District voting on the proposition a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of $49,500,000 (the "2002 Authorization"). Pursuant to the 2002 Authorization, on August 6, 2003, the County issued on behalf of the District $10,000,000 of the District's Election of 2002 General Obligation Bonds, Series A (the "2002 Series A Bonds") and on August 4, 2004, the County issued on behalf of the District $39,495,314.50 of the District's Election of 2002 General Obligation Bonds, Series B (the "2002 Series B Bonds").

On July 21, 2011, the District issued its $28,125,000 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds"), the proceeds of which were used to refund portions of the then-outstanding 1999 Series A Bonds, 1999 Series B Bonds, 2002 Series A Bonds, and 2002 Series B Bonds.

On November 3, 2015, voters of the District approved the issuance of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum principal amount of $160,500,000. On March 10, 2016, the District issued its $35,000,000 Election of 2015 General Obligation Bonds, Series A pursuant to the 2015 Authorization. On July 26, 2018, the District issued its $60,000,000 Election of 2015 General Obligation Bonds, Series B pursuant to the 2015 Authorization. The Series C Bonds are the third series of bonds issued pursuant to the 2015

Authorization. Subsequent to the issuance of the Series C Bonds, no aggregate principal amount of general obligation bonds will remain for issuance pursuant to the 2015 Authorization.

Short-Term Debt

As of June 30, 2018, the District did not have any short-term debt outstanding. The District does not expect to issue any tax and revenue anticipation notes in fiscal year 2019-20.

THE MARIN COUNTY POOLED INVESTMENT FUND

The following information concerning the Marin County Pooled Investment Fund has been provided by the County Treasurer and has not been confirmed or verified by the District. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

Under California law, the District is required to pay all monies received from any source into the Marin County Treasury to be held on behalf of the District. The County Treasurer has authority to implement and oversee the investment of funds on deposit in commingled funds of the Treasury.

Decisions on the investment of funds in the Pooled Investment Fund are made by the County Treasurer and her deputies in accordance with established policy guidelines. In the County, investment decisions are governed by California Government Code Sections 53601 and 53635, *et seq.*, which govern legal investments by local agencies in the State of California, and a more restrictive Investment Policy proposed by the County Treasurer and adopted by the County Board of Supervisors on an annual basis. The Investment Policy is reviewed and approved annually by the County Board of Supervisors. The County Treasurer's compliance with the Investment Policy is also audited annually by an independent certified public accountant.

MARIN COUNTY
POOLED INVESTMENT FUND
MONTHLY REPORT AS OF AUGUST 31, 2019

Description:	Ending Balance	Average Balance	Weighted Average Days to Maturity	Annualized Yield	Yield
Local Agency Investment Funds [1]	$249,123.73	$249,123.73	1	2.341	2.341
Money Market Funds	20,068,971.46	18,972,592.28	1	2.017	2.015
Federal Agency Issues- Coupon	321,954,233.76	332,790,211.66	519	2.098	2.109
Federal Agency Issues- Discount	929,467,785.69	948,665,065.34	124	2.391	2.386
Treasury Securities- Coupon					
Treasury Securities- Discount					
Miscellaneous Securities	572,467.11	572,000.00	653	3.551	3.548
Amortized Note	2,390,641.34	2,390,641.34	1,056	4.795	4.500
Totals and Averages	$1,274,703,223.09	$1,303,639,634.35	223	2.316%	2.315%

[1] The Local Agency Investment Funds is an open ended account and is not included in the weighted average days to maturity.

CONTINUING DISCLOSURE

District has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than 8 months following the end of the District's fiscal year (currently ending June 30), commencing with the Annual Report for the 2018-19 fiscal year (which would be due by March 1, 2020), and to provide notices of the occurrence of certain enumerated events. The District has entered into a Continuing Disclosure Agreement ("Continuing Disclosure Agreement") for the benefit of the Owners of the Bonds. The Annual Report and each notice of enumerated events will be filed by the District with the Electronic Municipal Markets Access system ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB"), or any other repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth below under the caption "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Within the past five years, the otherwise timely filed annual report for fiscal year 2014-15 was not linked to the 2002 Series B Bonds. In connection with the annual report, within the past five years, the District never filed a notice of a failure to provide annual financial information.

The District has engaged Isom Advisors, a division of Urban Futures, Inc. to serve as Dissemination Agent in connection with the Bonds and with its outstanding continuing disclosure obligations.

LEGAL MATTERS

The legal opinions of Dannis Woliver Kelley, San Diego, California, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds, will be supplied to the Underwriter of the Bonds without charge, the forms of which are attached hereto as Appendix A. Dannis Woliver Kelley is also acting as Disclosure Counsel to the District. Kutak Rock LLP, Denver, Colorado, is acting as counsel to the Underwriter. The above professionals will receive compensation contingent upon the sale and delivery of the Bonds.

Limitation on Remedies; Amounts Held in the County Treasury Pool

The opinions of Bond Counsel, the proposed forms of which are attached hereto as APPENDIX A, are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

The Resolutions and the Government Code require the County to annually 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 the principal of, premium, if any, and interest on the Bonds. The County, on behalf of the District, is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County's Investment Pool, as described in "APPENDIX E - MARIN INVESTMENT POLICY STATEMENT" attached hereto. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the Owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the Owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the District's Debt Service Fund where such amounts are invested in the County Investment Pool. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

California Senate Bill 222

Government Code Section 53515, added by SB 222, applicable to general obligations bonds issued after its effective date, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a "statutory" lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond cost of issuance.

Special Revenues

If the District were to become a debtor in a Chapter 9 proceeding, because the Bonds are for the re-financing of specific capital projects and are supported by a consensual lien on *ad valorem* property taxes that are use-restricted to the repayment of the Bonds, those taxes may be held to be "special revenues" as defined in the Bankruptcy Code, and thus there would be a special revenue lien in favor of owners of the Bonds in addition to, and separate and independent of, the statutory lien created by SB 222. In comparison to other consensual pledges and liens arising by agreement (that are all made ineffective post-bankruptcy by Section 552 of the Bankruptcy Code), special revenues acquired by a municipality during a Chapter 9 case will remain subject to the lien that arose from the security agreement entered into prior to the beginning of the case, and will survive the conclusion of the Chapter 9 proceeding. In addition, the automatic stay arising upon the filing of the bankruptcy petition does not stay the application of those special revenues to payment of the bonds secured by such special revenues. Thus, regularly scheduled payments of principal and interest to Owners of the Bonds likely would continue under 11 U.S.C. §922(d) throughout any bankruptcy proceeding.

Based on the foregoing, if the District were to become a debtor in a Chapter 9 proceeding, the District has reason to believe that: the *ad valorem* property taxes could not be used for any other purpose other than repayment of the Bonds; the *ad valorem* property taxes could be determined to be special revenues in a Chapter 9 proceeding, and thus Owners of the Bonds would ordinarily continue to be paid post-petition; and the *ad valorem* property taxes are also protected by a statutory lien in favor of the bondholders. It should be noted, however, that it is possible – in the context of confirming a Plan of Adjustment (the "Plan") in a Chapter 9 case where the Plan has not received the requisite consent of the holders of the Bonds – a bankruptcy court may confirm a Plan that adjusts the timing of payments on the Bonds or the interest rate or other terms of the Bonds provided that (a) the Bondholders retain their lien on the revenues subject to the statutory and/or special revenues lien, (b) the payment stream has a present value equal to the value of the revenues subject to the lien(s) and (c) the bankruptcy court finds that these and any other adjustments to the Bonds' terms are fair and equitable.

The Resolution and the Government Code require the County to annually 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 the principal of, premium, if any, and interest on the Bonds. The County on behalf of the District is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County's Investment Pool, as described in "APPENDIX E - MARIN COUNTY INVESTMENT POLICY STATEMENT" attached hereto. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the Owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the Owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the District's Debt Service Fund where such amounts are invested in the County Treasury Pool. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

TAX MATTERS

The delivery of the Series C Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Series C Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Series C Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The delivery of the Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Bonds is exempt from personal income taxes of the State of California. The forms of Bond Counsel's anticipated opinions respecting the Bonds are included in APPENDIX A. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

In rendering the foregoing opinions with respect to the Series C Bonds, Bond Counsel will rely upon the representations and certifications of the District made in a certificate (the "Tax Certificate") of even date with the initisal delivery of the Series C Bonds pertaining to the use, expenditure, and investment of the proceeds of the Series C Bonds and will assume continuing compliance with the provisions of the Series C Resolution by the District subsequent to the issuance of the Series C Bonds. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Series C Bonds and the facilities and equipment financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Series C Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants could cause interest on the Series C Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Series C Bonds. Prospective purchasers of the Series C Bonds should be aware that the ownership of tax-exempt obligations such as the Series C Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service ("IRS" or the "Service") or the State of California with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel's opinions are not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the Service is likely to treat the District as the "taxpayer," and the Owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Series C Bonds, the District may have different or conflicting interests from the owners of the respective Series C Bonds. Public awareness of any future audit of the Series C Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Interest on the Refunding Bonds is not excludable from the gross income of the owners thereof for federal tax purposes.

Tax Accounting Treatment of Discount and Premium on Certain of the Bonds

The initial public offering price of certain of the Series C Bonds (the "Discount Bonds") may be less than the amount payable on such Series C Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Series C Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. The tax rules requiring inclusion in income annually by the holder of a debt instrument having original issue discount of the daily portion of original issue discount for each day during a taxable year in which such holder held such debt instrument is inapplicable to the Series C Bonds. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, and will be added to the holder's basis in the Discount Bond, for federal income tax purposes, on the same terms and conditions as those for other interest on the bonds described above under "TAX MATTERS." Such interest is considered to be accrued in accordance with the constant-yield-to-maturity method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial Owner prior to maturity, the amount realized by such Owner in excess of the basis of such Discount Bond in the hands of such Owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Series C Bonds (the "Premium Bonds"), may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Forms of Bond Counsel Opinions. The forms of the proposed opinions of Bond Counsel relating to the Bonds are attached to this Official Statement as APPENDIX A.

LEGALITY FOR INVESTMENT

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

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its municipal bond rating of "AA" to the Bonds and Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "Aa2" to the Bonds. Such ratings reflect only the views of S&P and Moody's and an explanation of the significance of such ratings may be obtained as follows: S&P at Municipal Finance Department, 55 Water Street, New York, New York 10041, tel. (212) 208-8000 and Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

ESCROW VERIFICATION

The sufficiency of amounts on deposit in the Escrow Fund to pay the redemption price of the Refunded Bonds will be verified by Causey Demgen & Moore P.C., certified public accountants (the "Verification Agent"). The Verification Agent will deliver a report to that effect on the date of delivery of the Refunding Bonds.

UNDERWRITING

Stifel Nicolaus & Company, Incorporated (the "Underwriter"), has agreed to purchase the Series C Bonds at the purchase price of $71,045,133.85 (reflecting the principal amount of the Series C Bonds plus a net original issue premium in the amount of $5,807,133.85 less an Underwriter's discount of $262,000.00), at the rates and yields shown on the inside cover pages hereof. The Underwriter has agreed to purchase the Refunding Bonds at the purchase price of $11,010,780.00 (reflecting the principal amount of the Refunding Bonds less an Underwriter's discount of $44,220.00), at the rates and yields shown on the inside cover pages hereof.

The Underwriter may offer and sell the Bonds to certain dealers and others at yields other than the yields stated on the inside cover pages. The offering prices may be changed from time to time by the Underwriter.

NO LITIGATION

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

OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made such documents and reports for full and complete statements of the contents thereof. Copies of the Resolutions are available upon request from the San Rafael City High School District, 310 Nova Albion Way, San Rafael, California 94903.

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 be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

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

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

By: /s/ Jim Hogeboom
Superintendent

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

FORMS OF BOND COUNSEL OPINION

[Closing date]

Board of Education
San Rafael City High School District
310 Nova Albion Way
San Rafael, California 94903

Re: $65,500,000 San Rafael City High School District (Marin County, California) Election of 2015 General Obligation Bonds, Series C

Ladies and Gentlemen:

We have acted as bond counsel for the San Rafael City High School District (Marin County, California) (the "District"), in connection with the issuance by the District of $65,500,000 aggregate principal amount of the District's Election of 2015 General Obligation Bonds, Series C (the "Bonds"). The Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53506), as amended and that certain resolution adopted by the Board of Education of the District on September 23, 2019 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection, we have also examined such certificates of public officials and officers of the District and the County of Marin (the "County") as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any effect on any Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

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 or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, 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 Bonds and the Resolution may be subject to bankruptcy, insolvency, 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 public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion herein with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding general obligations of the District.

2. The Bonds are payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount, except for certain personal property that is taxable at limited rates.

3. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

4. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code.

5. Interest on the Bonds is exempt from personal income taxes of the State of California.

Ownership of tax-exempt obligations such as the Bonds may result in collateral tax consequences. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Bonds or such owner's other items of income or deduction. We express no opinion with respect to any federal, state, or local tax consequences, under present law or any proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results.

Respectfully submitted,

[Closing date]

Board of Education
San Rafael City High School District
310 Nova Albion Way
San Rafael, California 94903

Re: $11,055,000 San Rafael City High School District (Marin County, California)
2019 General Obligation Refunding Bonds (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel for the San Rafael City High School District (Marin County, California) (the "District"), in connection with the issuance by the District of $11,055,000 aggregate principal amount of the District's 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds"). The Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53550), as amended, and that certain resolution adopted by the Board of Education of the District on September 23, 2019 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection, we have also examined such certificates of public officials and officers of the District and the County of Marin (the "County") as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any effect on any Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

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 or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, 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 Bonds and the Resolution may be subject to bankruptcy, insolvency, 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 public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion herein with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding general obligations of the District.

2. The Bonds are payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount, except for certain personal property that is taxable at limited rates.

3. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

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

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results.

Respectfully submitted,

APPENDIX B

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2018

[THIS PAGE INTENTIONALLY LEFT BLANK]

SAN RAFAEL CITY
HIGH SCHOOL DISTRICT

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2018

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2018
Table of Contents

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2018
Table of Contents

OTHER INDEPENDENT AUDITORS' REPORTS

Page

FINDINGS AND QUESTIONED COSTS

Financial Section

(This page intentionally left blank)

INDEPENDENT AUDITORS' REPORT

Board of Education
San Rafael City High School District
San Rafael, 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 San Rafael City High School District, as of and for the fiscal 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.

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

www.nncpas.com • Licensed by the California Board of Accountancy

Change in Accounting Principle
As discussed in Note 1.I.1. to the basic financial statements, the District has changed its method for accounting and reporting for postemployment benefits other than pensions during fiscal year 2017-18 due to the adoption of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The adoption of this standard required retrospective application resulting in a $4,999,406 reduction of previously reported net position at July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, and the notes to the required supplementary information 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 supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 57 to 60 and the schedule of expenditures of federal awards on page 61 are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 56 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated November 26, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro+Nigro, PC

Murrieta, California
November 26, 2018

This discussion and analysis of San Rafael City High School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Overall revenues were $43.0 million, approximately $2.3 million less than expenses.
- The total cost of basic programs was $45.3 million. Because a portion of these costs was paid for with charges, fees, and intergovernmental aid, the net cost that required taxpayer funding was just $40.3 million.
- The District's long-term debt decreased by approximately $6.4 million.
- Second period (P2) average daily attendance (ADA) increased by 47, or 2.0%.

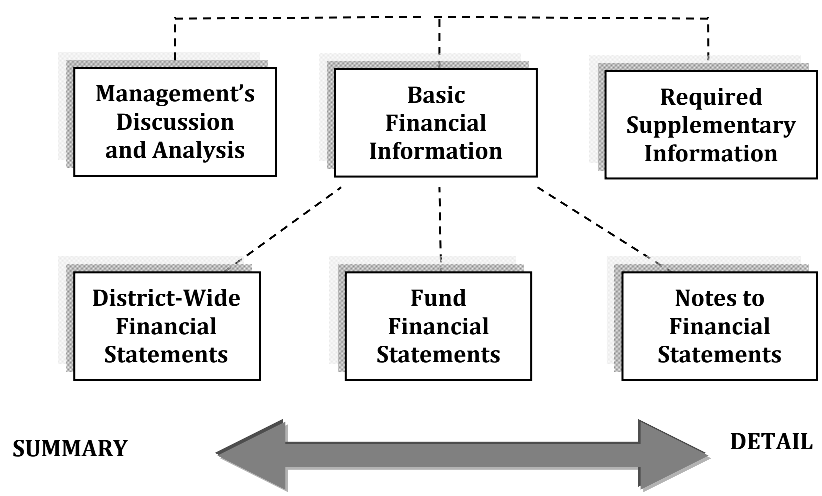
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of San Rafael City High School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

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

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

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

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

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

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

The District has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2018, than it was the year before – decreasing 10.7% to $(23.7) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase (Decrease)
	2018	**2017***	
Assets			
Current assets	$ 36,432,978	$ 56,971,197	$ (20,538,219)
Capital assets	70,305,545	53,588,966	16,716,579
Total assets	106,738,523	110,560,163	(3,821,640)
Deferred outflows of resources	11,495,294	8,064,654	3,430,640
Liabilities			
Current liabilities	6,204,434	3,319,262	2,885,172
Long-term liabilities	95,672,564	102,068,379	(6,395,815)
Net pension liability	38,132,943	32,836,769	5,296,174
Total liabilities	140,009,941	138,224,410	1,785,531
Deferred inflows of resources	1,899,846	1,780,468	119,378
Net position			
Net investment in capital assets	15,174,184	9,929,135	5,245,049
Restricted	9,768,137	13,086,051	(3,317,914)
Unrestricted	(48,618,291)	(44,395,247)	(4,223,044)
Total net position	$ (23,675,970)	$ (21,380,061)	$ (2,295,909)

*As restated

Changes in net position, governmental activities. The District's total revenues decreased 4.7% to $43.0 million (See Table A-2).

The total cost of all programs and services increased 2.3% to $45.3 million. The District's expenses are predominantly related to educating and caring for students, 64.1%. The purely administrative activities of the District accounted for just 6.2% of total costs. A significant contributor to the increase in costs was due to increases in instruction related expenses.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase
	2018	2017	(Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 236,983	$ 369,791	$ (132,808)
Operating grants and contributions	4,686,919	5,553,056	(866,137)
General Revenues:			
Property taxes	35,469,943	36,004,159	(534,216)
Federal and state aid not restricted	1,513,750	1,850,914	(337,164)
Other general revenues	1,057,103	1,300,357	(243,254)
Total Revenues	42,964,698	45,078,277	(2,113,579)
Expenses			
Instruction-related	25,267,443	25,500,532	(233,089)
Pupil services	3,746,943	3,396,392	350,551
Administration	2,817,235	2,902,728	(85,493)
Plant services	5,041,677	4,186,686	854,991
All other activities	8,387,309	8,245,302	142,007
Total Expenses	45,260,607	44,231,640	1,028,967
Increase (decrease) in net position	$ (2,295,909)	$ 846,637	$ (3,142,546)
Net position	$ (23,675,970)	$ (21,380,061)	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $31.0 million, which is below last year's ending fund balance of $54.6 million. The primary cause of the decreased fund balance is the spending down of Measure "B" bond funds on construction projects.

Table A-3: The District's Fund Balances

	Fund Balances				
	July 1, 2017	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2018
Fund					
General Fund	$ 8,050,401	$ 35,781,414	$ 36,007,123	$ 70,000	$ 7,894,692
Adult Education Fund	113,320	130,734	184,761	-	59,293
Cafeteria Fund	43,990	691,441	731,642	-	3,789
Deferred Maintenance Fund	410,078	80,515	29,885	-	460,708
Special Reserve Fund (Postemployment Benefits)	2,013,008	19,139	-	-	2,032,147
Building Fund	32,190,913	241,444	19,939,156	-	12,493,201
Capital Facilities Fund	176,226	61,435	238	-	237,423
Special Reserve Fund (Capital Outlay)	1,703,247	282,807	619,061	(70,000)	1,296,993
Bond Interest and Redemption Fund	9,863,252	6,673,259	9,988,275	-	6,548,236
	$ 54,564,435	$ 43,962,188	$ 67,500,141	$ -	$ 31,026,482

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by $1.8 million to reflect changes in federal, state, and local funding estimates.
- Salaries and benefits costs – increased $0.3 million due to changes in staffing projections.
- Other non-capital expenditures – increased approximately $1.2 million to re-budget carryover funds and revise operational cost estimates.

While the District's final budget for the General Fund anticipated that revenues would fall short of expenditures by about $2.3 million, the actual results for the year show that expenditures exceeded revenues by roughly $0.2 million. Actual revenues were $0.4 million more than anticipated, and expenditures were $1.7 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2018, that will be carried over into the 2018-19 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2017-18 the District had invested $19.8 million in new capital assets, related to the District's ongoing bond construction program. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year exceeded $3.0 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities 2018	Governmental Activities 2017	Variance Increase (Decrease)
Land	$ 240,413	$ 240,413	$ -
Improvement of sites	2,330,168	2,691,266	(361,098)
Buildings	48,639,212	46,120,282	2,518,930
Equipment	502,894	599,185	(96,291)
Construction in progress	18,592,858	3,937,820	14,655,038
Total	$ 70,305,545	$ 53,588,966	$ 16,716,579

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt
At year-end, the District had $95.7 million in general obligation bonds, capital leases, and employment benefits – a decrease of 6.3% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance
	2018	2017*	Increase (Decrease)
General obligation bonds	$ 86,450,497	$ 92,748,198	$ (6,297,701)
Capital leases	-	24,513	(24,513)
Other postemployment benefits	8,886,430	9,042,780	(156,350)
Compensated absences	335,637	252,888	82,749
Total	$ 95,672,564	$ 102,068,379	$ (6,395,815)

*As restated

FACTORS BEARING ON THE DISTRICT'S FUTURE

The 2018-19 State Budget

Final Budget Package Includes $15.9 Billion in Total Reserves
The Legislature passed the final budget package on June 14, 2018. Total reserves in the final budget package are lower than the proposed level in the May Revision, but roughly the same as the level proposed by the Governor in January. The budget package also reflects various choices that shifted spending priorities compared to the Governor's proposal. In particular, the final budget package reduces payments for deferred maintenance by $700 million—relative to the Governor's proposal—freeing up a like amount of funding. Correspondingly, the final budget package reflects higher General Fund spending for homeless grants and the universities, among others. The Governor signed the *2018-19 Budget Act* and 26 other budget related bills on June 27 and June 28, 2018.

Overall Spending
The budget assumed total state spending of $197.2 billion (excluding federal and bond funds), an increase of 7% over revised totals for 2017-18. General Fund spending in the budget package is $138.7 billion—an increase of $11.6 billion, or 9%, over the revised 2017-18 level. Special fund spending increased $1.3 billion, or 2%, over the revised 2017-18 level.

Considerable New Spending on Education
The budget package contains significant increases for every education segment. For elementary and secondary schools, the state surpasses the Local Control Funding Formula target rates set in 2013-14. For early education, the budget contains higher spending for more slots, rate increases, staff training, and facilities.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

The 2018-19 State Budget (continued)

Proposition 98 Establishes Minimum Spending Level
This minimum spending requirement is commonly called the minimum guarantee. The minimum guarantee is determined by three main formulas (known as tests) and various inputs, including General Fund revenue, per capita personal income, and K-12 student attendance. The state can spend at the minimum guarantee or any level above it. If the minimum guarantee increases after budget enactment due to updated inputs, the state owes a "settle-up" obligation. In some years, the state also creates or pays "maintenance factor." Maintenance factor is created when General Fund revenue growth is weak relative to changes in per capita personal income. Maintenance factor is paid when General Fund revenue growth is stronger.

Higher Proposition 98 Spending in 2016-17 and 2017-18
From the June 2017 budget plan to the June 2018 budget plan, spending increased $252 million in 2016-17 and $1.1 billion in 2017-18. These upward revisions are attributable mainly to higher General Fund revenue. As part of the 2017-18 increase, the state is making an additional maintenance factor payment of $789 million (on top of a previous $536 million payment). After making the $1.3 billion total payment, the state will have eliminated all remaining maintenance factor for the first time since 2005-06. In both 2016-17 and 2017-18, the state is spending at the calculated minimum guarantee.

2018-19 Spending up Notably Over Revised 2017-18 Level
For 2018-19, total Proposition 98 spending across all segments is $78.4 billion, an increase of $2.8 billion (3.7%) from the revised 2017-18 level. Test 2 is the operative test in 2018-19, with the increase in the guarantee attributable to a 3.67% increase in per capita personal income. Though the administration projects a 0.29% decline in student attendance for 2018-19, the budget makes no downward adjustment to the minimum guarantee. This is because the budget assumes that attendance *increases* the previous year (in 2017-18), thereby triggering a hold harmless provision in the State Constitution that negates any attendance declines over the subsequent two years. The budget sets total Proposition 98 spending in 2018-19 equal to the administration's May Revision estimate of the minimum guarantee.

$67.9 Billion Proposition 98 Spending on K-12 Education in 2018-19
The enacted 2018-19 level is $2.4 billion (3.6%) more than the revised 2017-18 level and $3.2 billion (4.9%) more than the *2017-18 Budget Act* level. The budget increases spending per student by $579 (5.2%) over the *2017-18 Budget Act* level, bringing Proposition 98 spending per student up to $11,645.

Package Includes Mix of Ongoing and One-Time Spending
The budget includes $5.7 billion in Proposition 98 augmentations for K-12 education across the three-year budget period. Of the $5.7 billion, $4 billion (70%) is ongoing and $1.7 billion (30%) is one time. From an accounting perspective, the increase is scored across multiple fiscal years and includes settle-up and some unspent funds from prior years that have been repurposed. In addition to the Proposition 98 increase, the budget includes $594 million in Proposition 51 bond authority for school facility projects and $100 million in non-Proposition 98 funding for kindergarten school facilities.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

The 2018-19 State Budget (continued)

Fully Implements the Local Control Funding Formula (LCFF) for Schools, Then Further Increases Rates
In the January budget, the Governor proposed fully implementing LCFF and reaching the target funding rates. The final budget reaches and then goes beyond full implementation. Specifically, the budget closes the gap to the target rates and funds the statutory 2.71% cost-of-living adjustment (COLA) to those rates. In addition, the budget provides nearly an extra 1 percentage point increase in the LCFF rates—effectively funding a 3.7% COLA in 2018-19. The administration estimates that the combined ongoing cost of both full implementation and the augmented COLA is $3.7 billion. This augmentation brings total LCFF spending for school districts and charter schools to $61.1 billion, a 6.4% increase over the revised 2017-18 level. School districts and charter schools may use LCFF monies for any educational purpose.

Funds One-Time Discretionary Grants
The largest one-time spending initiative for K-12 education is $1.1 billion that local education agencies (LEAs) may use for any educational purpose. Funding is distributed based on student attendance (an estimated $183 per average daily attendance). If an LEA owes any funding to the federal government according to a 2014 settlement over Medi-Cal billing practices, the State Controller is to deduct this obligation from the LEA's discretionary grant. The budget assumes that these Medi-Cal obligations total $145 million statewide (though the administration believes actual payments likely will come in lower). The remainder of each LEA's discretionary grant will be scored against any outstanding mandate claims. As less than one-third of LEAs have any such claims, it is estimated that only $202 million of the funding provided will count toward the K-12 mandates backlog. It is estimated that the total remaining mandate backlog at the end of 2018-19 will be $668 million.

All of these factors were considered in preparing the San Rafael City High School District budget for the 2018-19 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at (415) 492-3205.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Statement of Net Position

June 30, 2018

	Total Governmental Activities
ASSETS	
Cash	$ 33,621,554
Investments	436,568
Accounts receivable	2,374,856
Non-depreciable capital assets	18,833,271
Depreciable capital assets	111,187,578
Less, accumulated depreciation	(59,715,304)
Total assets	106,738,523
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	10,569,547
Deferred outflows of resources - OPEB	162,639
Deferred amounts on refunding	763,108
Total deferred outflows of resources	11,495,294
LIABILITIES	
Accounts payable	6,162,344
Unearned revenues	42,090
Long-term liabilities:	
Due within one year	8,261,669
Due after one year	87,410,895
Net pension liability	38,132,943
Total liabilities	140,009,941
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB	592,146
Deferred inflows of resources - pensions	1,307,700
Total deferred inflows of resources	1,899,846
NET POSITION	
Net investment in capital assets	15,174,184
Restricted for:	
Capital projects	1,534,416
Debt service	6,548,236
Categorical programs	1,685,485
Unrestricted	(48,618,291)
Total net position	$ (23,675,970)

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Instruction	$ 20,621,685	$ 14,887	$ 2,263,337	$ (18,343,461)
Instruction-related services:				
Supervision of instruction	1,551,665	103,812	247,598	(1,200,255)
Instructional library, media and technology	576,094	-	21,637	(554,457)
School site administration	2,517,999	-	17,358	(2,500,641)
Pupil services:				
Home-to-school transportation	724,729	16	25,170	(699,543)
Food services	749,042	111,700	545,710	(91,632)
All other pupil services	2,273,172	91	220,460	(2,052,621)
General administration:				
Data processing	591,929	-	1,653	(590,276)
All other general administration	2,225,306	6,113	130,627	(2,088,566)
Plant services	5,041,677	-	969,114	(4,072,563)
Ancillary services	653,660	-	890	(652,770)
Community services	80,012	-	-	(80,012)
Interest on long-term debt	3,644,859	-	-	(3,644,859)
Other outgo	942,899	364	243,365	(699,170)
Depreciation (unallocated)	3,065,879	-	-	(3,065,879)
Total governmental activities	$ 45,260,607	$ 236,983	$ 4,686,919	(40,336,705)

General Revenues:	
Property taxes	35,469,943
Federal and state aid not restricted to specific purposes	1,513,750
Interest and investment earnings	132,810
Miscellaneous	924,293
Total general revenues	38,040,796
Change in net position	(2,295,909)
Net position- July 1, 2017, as originally stated	(16,380,655)
Restatement - change in accounting principle	(4,999,406)
Net position - July 1, 2017	(21,380,061)
Net position - June 30, 2018	$ (23,675,970)

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

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2018

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash	$ 9,793,276	$ 15,198,077	$ 1,829,881	$ 6,548,236	$ 252,084	$ 33,621,554
Investments	-	436,568	-	-	-	436,568
Accounts receivable	2,108,738	2,938	52,890	-	210,290	2,374,856
Due from other funds	281,092	-	-	-	534	281,626
Total Assets	$ 12,183,106	$ 15,637,583	$ 1,882,771	$ 6,548,236	$ 462,908	$ 36,714,604
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 1,693,642	$ 3,144,382	$ 515,778	$ -	$ 10,604	$ 5,364,406
Due to other funds	534	-	70,000	-	211,092	281,626
Unearned revenue	42,090	-	-	-	-	42,090
Total Liabilities	1,736,266	3,144,382	585,778	-	221,696	5,688,122
Fund Balances						
Nonspendable	5,600	-	-	-	800	6,400
Restricted	1,681,696	12,493,201	1,296,993	6,548,236	240,412	22,260,538
Assigned	2,504,635	-	-	-	-	2,504,635
Unassigned	6,254,909	-	-	-	-	6,254,909
Total Fund Balances	10,446,840	12,493,201	1,296,993	6,548,236	241,212	31,026,482
Total Liabilities and Fund Balances	$ 12,183,106	$ 15,637,583	$ 1,882,771	$ 6,548,236	$ 462,908	$ 36,714,604

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Total fund balances - governmental funds		$ 31,026,482
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $130,020,849, and the accumulated depreciation is ($59,715,304).		70,305,545
Deferred amount on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amount on refunding at the end of the period was:		763,108
In governmental funds, interest on long term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(797,938)
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.		(38,132,943)
In governmental funds, deferred outflows and inflows of resources related to other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported.		
Deferred outflows of resources	162,639	
Deferred inflows of resources	(592,146)	(429,507)
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 related to pensions are reported as follows:		
Deferred outflows of resources	10,569,547	
Deferred inflows of resources	(1,307,700)	9,261,847
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds payable	86,450,497	
Compensated absences payable	335,637	
Other postemployment benefits	8,886,430	(95,672,564)
Total net position - governmental activities		$ (23,675,970)

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	$ 26,205,356	$ -	$ -	$ -	$ -	$ 26,205,356
Federal sources	974,240	-	-	-	444,819	1,419,059
Other state sources	3,139,757	6,625	-	33,391	35,082	3,214,855
Other local sources	5,692,449	234,819	282,807	6,639,868	272,975	13,122,918
Total Revenues	36,011,802	241,444	282,807	6,673,259	752,876	43,962,188
EXPENDITURES						
Current:						
Instruction	20,702,295	-	-	-	-	20,702,295
Instruction-related services:						
Supervision of instruction	1,543,824	-	-	-	-	1,543,824
technology	468,466	-	-	-	-	468,466
School site administration	2,420,467	-	-	-	-	2,420,467
Pupil support services:						
Home-to-school transportation	724,729	-	-	-	-	724,729
Food services	-	-	-	-	695,550	695,550
All other pupil services	2,225,339	-	-	-	-	2,225,339
Ancillary services	648,842	-	-	-	-	648,842
Community services	72,579	-	-	-	-	72,579
General administration services:						
Data processing services	550,465	-	-	-	-	550,465
Other general administration	2,006,383	-	-	-	-	2,006,383
Plant services	3,870,159	-	32,805	-	238	3,903,202
Transfers of indirect costs	(36,092)	-	-	-	36,092	-
Capital outlay	57,428	19,939,156	586,256	-	-	20,582,840
Intergovernmental transfers	942,149	-	-	-	-	942,149
Debt service:						
Principal	24,513	-	-	7,935,000	-	7,959,513
Interest	223	-	-	2,053,275	-	2,053,498
Total Expenditures	36,221,769	19,939,156	619,061	9,988,275	731,880	67,500,141
Excess (Deficiency) of Revenues Over (Under) Expenditures	(209,967)	(19,697,712)	(336,254)	(3,315,016)	20,996	(23,537,953)
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	70,000	-	-	-	-	70,000
Interfund transfers out	-	-	(70,000)	-	-	(70,000)
Total Other Financing Sources and Uses	70,000	-	(70,000)	-	-	-
Net Change in Fund Balances	(139,967)	(19,697,712)	(406,254)	(3,315,016)	20,996	(23,537,953)
Fund Balances, July 1, 2017	10,586,807	32,190,913	1,703,247	9,863,252	220,216	54,564,435
Fund Balances, June 30, 2018	$ 10,446,840	$ 12,493,201	$ 1,296,993	$ 6,548,236	$ 241,212	$ 31,026,482

SAN RAFAEL CITY HIGH 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			$ (23,537,953)
Amounts reported for governmental *activities* in the statement of activities are different because:			
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	19,782,458	
	Depreciation expense	(3,065,879)	16,716,579
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Expenditures for the repayment of the principal portion of long-term liabilities were:			7,959,513
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. Accreted interest earned exceeded accreted interest paid by:			(1,903,968)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these amounts are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the refunded debt. The difference between the current year charges and the current year amortization is:			(69,374)
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 is:			114,561
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:			(1,486,030)
In governmental funds, if debt is issued at a premium, the premium is recognized as an other financing source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. The premium amortized for the period is:			266,669
In governmental funds, other postemployment benefit (OPEB) costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contribution was:			(273,157)
In the statement of activities, certain operating expenses such as compensated absences are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences earned exceeded the amounts used by:			(82,749)
Change in net position of governmental activities			$ (2,295,909)

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2018

	Agency Funds Student Body Funds
ASSETS	
Cash	$ 119,181
Other assets	4,187
Total assets	$ 123,368
LIABILITIES	
Due to student groups	$ 123,368
Total liabilities	$ 123,368

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Rafael City High School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For San Rafael City High 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.

The District has identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements
The statement of net position and the statement of activities display information about the primary government (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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District also maintains an Adult Education Fund, a Deferred Maintenance Fund, and a Special Reserve Fund for Postemployment Benefits. Under the flexibility provisions of current statute that allow certain formerly restricted revenues to be used for any educational purpose, the Adult Education Fund and the Deferred Maintenance Fund do not currently meet the definition of special revenue funds as they are no longer primarily composed of restricted or committed revenue sources. In addition, the Special Reserve Fund for Postemployment Benefits is not substantially composed of restricted or committed revenue sources. Because these funds do not meet the definition of special revenue funds under GASB 54, the activity in those funds is being reported within the General Fund.

Building Fund: This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds and bond anticipation notes.

Special Reserve Fund for Capital Outlay Projects: This fund is used to account for funds set aside for Board designated construction projects.

Bond Interest and Redemption Fund: This fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

Non-Major Governmental Funds
The District maintains the following non-major governmental funds:

Special Revenue Fund:

Cafeteria Fund: This fund is used to account for revenues received and expenditures made to operate the District's food service operations.

Capital Projects Funds:

Capital Facilities Fund: This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.

Fiduciary Funds
Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District maintains the following fiduciary fund:

Agency Funds: The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting

Government-Wide and Fiduciary Fund Financial Statements
The government-wide and fiduciary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. 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. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

D. 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 as of June 30.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

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

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

5. Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report 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 and so will not be recognized as an outflow of resources (expense/expenditure) 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 and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences
The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Postemployment Benefits Other Than Pensions (OPEB)
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the San Rafael City High School District Retiree Benefits Plan (“the Plan”) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

10. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets -** This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted -** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Net Position (continued)

- **Unrestricted net position -** This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than five percent of total General Fund expenditures and other financing uses.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements

During the 2017-18 fiscal year, the following GASB Pronouncements became effective:

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

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

2. In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements (continued)

Specifically, this Statement addresses the following topics:

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

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

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2018, are reported at fair value and consisted of the following:

	Governmental Activities/ Funds	Fiduciary Funds
Pooled Funds:		
Cash in county treasury	$ 33,610,361	$ -
Total Pooled Funds	33,610,361	-
Deposits:		
Cash on hand and in banks	4,793	119,181
Cash in revolving fund	6,400	-
Total Deposits	11,193	119,181
Total Cash	$ 33,621,554	$ 119,181
Investments:		
Local Agency Investment Fund	$ 436,568	

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2018, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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).

NOTE 2 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits (continued)
The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2018, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

Pooled Investments
The District maintains deposits in the State's Local Agency Investment Fund (LAIF).

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

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

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

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

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

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

All assets have been valued using a market approach, with quoted market prices.

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Federal Government:					
Categorical aid programs	$ 419,713	$ -	$ -	$ 70,322	$ 490,035
State Government:					
Lottery	105,787	-	-	-	105,787
Special Education	676,716	-	-	-	676,716
Categorical aid programs	155,742	-	-	5,954	161,696
Local:					
Other local resources	750,780	2,938	52,890	134,014	940,622
Total	$ 2,108,738	$ 2,938	$ 52,890	$ 210,290	$ 2,374,856

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

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

General Fund due to Cafeteria Fund for negative student balance write-offs	$ 534
Cafeteria Fund due to General Fund for temporary loan and indirect costs	211,092
Special Reserve Fund for Capital Outlay Projects due to General Fund for facilities use fees	70,000
Total	$ 281,626

B. Transfers To/From Other Funds

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

Special Reserve Fund for Capital Outlay Projects transfer to General Fund for facilities use fees	$ 70,000

NOTE 5 – FUND BALANCES

At June 30, 2018, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Special Revenue Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	$ 5,600	$ -	$ -	$ -	$ 800	$ 6,400
Total Nonspendable	5,600	-	-	-	800	6,400
Restricted:						
Categorical programs	1,681,696	-	-	-	-	1,681,696
Food services program	-	-	-	-	2,989	2,989
Capital projects	-	12,493,201	1,296,993	-	237,423	14,027,617
Debt service	-	-	-	6,548,236	-	6,548,236
Total Restricted	1,681,696	12,493,201	1,296,993	6,548,236	240,412	22,260,538
Assigned:						
Postemployment benefits	2,032,147	-	-	-	-	2,032,147
Adult education program	11,780	-	-	-	-	11,780
Deferred maintenance program	460,708	-	-	-	-	460,708
Total Assigned	2,504,635	-	-	-	-	2,504,635
Unassigned:						
Remaining unassigned balances	6,254,909	-	-	-	-	6,254,909
Total Unassigned	6,254,909	-	-	-	-	6,254,909
Total	$ 10,446,840	$ 12,493,201	$ 1,296,993	$ 6,548,236	$ 241,212	$ 31,026,482

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2017	Additions	Retirements	Balance, June 30, 2018
Capital assets not being depreciated:				
Land	$ 240,413	$ -	$ -	$ 240,413
Construction in progress	3,937,820	15,484,323	829,285	18,592,858
Total capital assets not being depreciated	4,178,233	15,484,323	829,285	18,833,271
Capital assets being depreciated:				
Improvement of sites	10,568,737	-	-	10,568,737
Buildings	93,438,548	5,112,795	-	98,551,343
Equipment	2,052,873	14,625	-	2,067,498
Total capital assets being depreciated	106,060,158	5,127,420	-	111,187,578
Accumulated depreciation for:				
Improvement of sites	(7,877,471)	(361,098)	-	(8,238,569)
Buildings	(47,318,266)	(2,593,865)	-	(49,912,131)
Equipment	(1,453,688)	(110,916)	-	(1,564,604)
Total accumulated depreciation	(56,649,425)	(3,065,879)	-	(59,715,304)
Total capital assets being depreciated, net	49,410,733	2,061,541	-	51,472,274
Governmental activity capital assets, net	$ 53,588,966	$ 17,545,864	$ 829,285	$ 70,305,545

NOTE 7 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2018, were as follows:

	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	$ 71,215,315	$ -	$ 7,935,000	$ 63,280,315	$ 6,411,377
Accreted interest	16,921,967	1,903,968	-	18,825,935	1,583,623
Unamortized premium, net	4,610,916	-	266,669	4,344,247	266,669
Total - Bonds	92,748,198	1,903,968	8,201,669	86,450,497	8,261,669
Capital Leases	24,513	-	24,513	-	-
Other Postemployment Benefits	9,042,780	792,126	948,476	8,886,430	-
Compensated Absences	252,888	82,749	-	335,637	-
Totals	$ 102,068,379	$ 2,778,843	$ 9,174,658	$ 95,672,564	$ 8,261,669

Note: Beginning balance of OPEB liability has been restated due to the implementation of GASB Statement No. 75

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Capital leases payments are made by the General Fund. Compensated absences and postemployment benefits will be paid for by the fund for which the employee worked.

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds

Election of 1999
An election was held on December 7, 1999, at which more than two-thirds of the voters in the District authorized the issuance and sale of $13.0 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were used to repair roofs, replace fire alarms, replace portable classrooms with permanent classrooms, make earthquake safety improvements, renovate and update classrooms, acquire school facilities, and improve school sites and facilities.

Election of 2002
An election was held on November 5, 2002, at which time more than fifty-five percent of the voters in the District authorized the issuance and sale of $49.5 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of, the interest on, and the principal of the bonds. Bond proceeds were used to finance the upgrading, construction, acquisition and equipping of school libraries, art facilities, classrooms, and science labs, modernization of plumbing, bathroom, and locker facilities, upgrading of technology infrastructure, installation of energy efficient heating and cooling systems, removal of hazardous conditions, and to pay all necessary legal, financial, and contingent costs associated with the bonds.

Election of 2015
An election was held on November 3, 2015, at which time more than fifty-five percent of the voters in the District authorized the issuance and sale of $160.5 million of general obligation bonds. Bond proceeds were used to finance the repair, upgrading, acquisition, construction, and equipping of certain district property and facilities and to pay the costs of issuing the bonds.

2011 Refunding General Obligation Bonds
On July 21, 2011, the District issued $28,125,000 of Refunding General Obligation Bonds. The bonds bear fixed interest rates averaging 3.4 percent with annual maturities from August 1, 2012 through August 1, 2028. The net proceeds of $30,768,168 (after premiums of $2,907,891 and issuance costs of $264,723) were used to prepay a portion of the District's outstanding General Obligation Bonds.

Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding of $763,108 remain to be amortized. As of June 30, 2018, the principal balance outstanding on the defeased debt has been fully repaid.

A summary of outstanding general obligation bonds issued is presented below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018
2002B	8/4/2004	8/1/2029	4.93%-5.70%	$ 39,495,315	$ 18,025,315	$ -	$ -	$ 18,025,315
2011Ref.	7/21/2011	8/1/2028	2.0%-5.0%	28,125,000	18,190,000	-	3,690,000	14,500,000
2015A	3/10/2016	8/1/2045	3.0%-5.0%	35,000,000	35,000,000	-	4,245,000	30,755,000
					$ 71,215,315	$ -	$ 7,935,000	$ 63,280,315

NOTE 7 – GENERAL LONG-TERM DEBT

A. General Obligation Bonds (continued)

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2018, were as follows:

Fiscal Year	Principal	Interest	Total
2018-2019	$ 6,411,377	$ 3,409,848	$ 9,821,225
2019-2020	2,622,548	3,479,452	6,102,000
2020-2021	2,702,663	3,626,437	6,329,100
2021-2022	2,810,900	3,774,325	6,585,225
2022-2023	2,922,736	3,921,239	6,843,975
2023-2028	15,610,270	22,014,430	37,624,700
2028-2033	6,824,821	13,853,855	20,678,676
2033-2038	5,600,000	4,115,175	9,715,175
2038-2043	9,520,000	2,677,600	12,197,600
2043-2046	8,255,000	514,900	8,769,900
Total	$ 63,280,315	$ 61,387,261	$ 124,667,576

NOTE 8 – JOINT VENTURES

The San Rafael City High School District participates in a joint venture under a joint powers agreement (JPA), the Marin Schools Insurance Authority (MSIA). The relationship between the San Rafael City High School District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges for and provide workers' compensation, property and liability and health insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Condensed unaudited financial information for the year ended June 30, 2018, is as follows:

	MSIA
Total Assets	$ 32,041,295
Total Liabilities	12,761,882
Net Position	$ 19,279,413
Operating Revenues	$ 12,464,295
Operating Expenses	9,596,374
Operating Income (Loss)	2,867,921
Change in Net Position	$ 2,867,921

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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 believed that any required reimbursement will not be material.

B. Construction Commitments

As of June 30, 2018, the District had commitments with respect to unfinished capital projects of approximately $3.7 million to be paid from local funds.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2018.

NOTE 10 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2018, the District participated in the MSIA public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2018, the District participated in the MSIA public entity risk pool for workers compensation, with excess coverage provided by the Schools Excess Liability Fund (SELF) public entity risk pool.

Employee Medical Benefits

The District has contracted with CalPERS to provide employee medical and surgical benefits. Additional dental benefits and basic life insurance benefits are provided through the MSIA public entity risk pool.

NOTE 11 – PENSION PLANS

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 California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 26,552,449	$ 7,318,293	$ 1,170,283	$ 2,951,195
CalPERS	11,580,494	3,251,255	137,417	1,787,313
Total	$ 38,132,943	$ 10,569,547	$ 1,307,700	$ 4,738,508

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

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

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

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

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Employee Contribution Rate	10.25%	9.205%
Required Employer Contribution Rate	14.43%	14.43%
Required State Contribution Rate	9.328%	9.328%

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $2,228,300.

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

Total net pension liability, including State share:		
District's proportionate share of net pension liability	$	26,552,449
State's proportionate share of the net pension liability associated with the District		6,201,022
Total	$	32,753,471

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2018	**Fiscal Year Ending June 30, 2017**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2017	June 30, 2016	
Proportion of the Net Pension Liability	0.028712%	0.029000%	-0.000288%

For the year ended June 30, 2018, the District recognized pension expense of $2,951,195. In addition, the District recognized pension expense and revenue of $279,923 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,228,300	$ -
Net change in proportionate share of net pension liability	72,648	-
Difference between projected and actual earnings on pension plan investments	-	707,166
Changes of assumptions	4,919,151	-
Differences between expected and actual experience in the measurement of the total pension liability	98,194	463,117
Total	$ 7,318,293	$ 1,170,283

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 214,369
2020	1,247,124
2021	866,409
2022	173,886
2023	855,785
Thereafter	562,136
Total	$ 3,919,709

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.1%
Consumer Price of Inflation	2.75%
Wage Growth	3.5%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions (continued)
For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

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

Discount Rate
The discount rate used to measure the total pension liability was 7.1%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 38,987,424
Current discount rate (7.10%)	26,552,449
1% increase (8.10%)	16,460,623

On Behalf Payments
The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $1,277,409 (9.328% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS)

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

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

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.00%	6.00%
Required Employer Contribution Rate	15.531%	15.531%

Contributions
Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Contributions (continued)
The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were $744,254.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $11,580,494. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2018	Fiscal Year Ending June 30, 2017	Change Increase/ (Decrease)
Measurement Date	June 30, 2017	June 30, 2016	
Proportion of the Net Pension Liability	0.048509%	0.047500%	0.001009%

For the year ended June 30, 2018, the District recognized pension expense of $1,787,313. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 744,254	$ -
Net change in proportionate share of net pension liability	-	1,071
Difference between projected and actual earnings on pension plan investments	400,606	-
Changes of assumptions	1,691,513	136,346
Differences between expected and actual experience in the measurement of the total pension liability	414,882	-
Total	$ 3,251,255	$ 137,417

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4 years.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 631,523
2020	1,122,896
2021	793,073
2022	(177,909)
2023	-
Thereafter	-
Total	$ 2,369,583

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

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.75%
Wage Growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of mortality improvements, using Scale BB published by the Society of Actuaries.

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

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)
The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47%	5.38%
Fixed Income	19%	2.27%
Inflation Assets	6%	1.39%
Private Equity	12%	6.63%
Real Estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 17,038,618
Current discount rate (7.15%)	11,580,494
1% increase (8.15%)	7,052,523

C. Social Security
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans
At June 30, 2018, the District reported payables of $2,336 and $9,554 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2018.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the OPEB Plan

Plan description
The District's defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided
The District contributes toward post-retirement benefits for employees who retire after meeting certain age and service requirements.

Eligibility for benefits: Classified employees are eligible upon retirement under PERS if they elect medical coverage under CaIPERS plans. Certificated employees are eligible upon retirement under PERS or STRS if they elect medical coverage under CaIPERS plans.

Benefits payable: Retired employees will receive the PEMHCA minimum amount, prorated over 20 years. For certificated retirees, this amount is $ 102.40 in 2O17, and $113.05 in 2018. For classified retirees, this amount is $108.80 in 2017, and $119.70 in 2018.

In addition, for a certificated retiree who retired before June 8, 2012 after at least age 55 with at least l0 years of District service, the retiree will also receive $276 per month for five years or until age 65, whichever comes first. If the retirement date was after June 8, 2012, the monthly amount will be $300 for someone with 10 to 14 years of service; $400 with 15 to l9 years of service; or $608 for 20 or more years of service.

PEMHCA minimum benefits are paid for the life of the retired employee, and cease upon the retiree's death. The surviving spouse may choose to continue medical coverage under CaIPERS medical plans, in which case the PEMHCA minimum amount will continue for the remainder of the spouse's life.

No other benefits are paid to retirees besides those described above.

Employees covered by benefit terms
At July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	107
Active employees	276
Total	383

Medicare Premium Payment (MPP) Program
The Medicare Premium Payment Program is a cost-sharing multiple-employer other postemployment benefit plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program, through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services on a monthly basis.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Total OPEB Liability

The District's total OPEB liability of $8,694,179 for the District Plan was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date. The District's proportionate share of the net MPP Program OPEB liability of $192,251 was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	District Plan	MPP Program
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	N/A	July 1, 2010, through June 30, 2015
Inflation	3.13 percent	N/A
Salary increases	N/A	N/A
Healthcare cost trend rates	5.00 percent in 2018	3.58 percent
Retirees' share of benefit-related costs	Dependent upon employees classification and tenure of service provided to the District.	3.7 percent for Medicare Part A, and 4.1 percent for Medicare Part B

District Plan

The discount rate is equal to 3.13% per year. This complies with the new requirements of GASB 75 that the discount rate for an unfunded program should reflect the yield on high-quality 20- year municipal bonds. The District has elected to use the "S&P Municipal Bond 20 Year High Grade Rate Index" for this purpose.

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for the pension valuations.

MPP Program

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

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

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

C. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	$ 8,828,908
Changes for the year:	
Service cost	537,236
Interest	235,686
Changes in assumptions or other inputs	(643,637)
Benefit payments	(264,014)
Net changes	(134,729)
Balance at June 30, 2018	$ 8,694,179

Changes of assumptions and other inputs reflect a change in the discount rate from 2.71 percent in 2017 to 3.13 percent in 2018.

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

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
District Plan	$ 10,349,370	$ 8,694,179	$ 7,406,754

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
MPP Program	$ 212,835	$ 192,251	$ 172,229

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

C. Changes in the Total OPEB Liability (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 4.0%	Healthcare Cost Trend Rates 5.0%	1% Increase 6.0%
District Plan	$ 7,424,189	$ 8,694,179	$ 10,337,074

	1% Decrease (2.7% Part A and 3.1% Part B)	Medicare Cost Trend Rates (3.7% Part A and 4.1% Part B)	1% Increase (4.7% Part A and 5.1% Part B)
MPP Program	$ 173,728	$ 192,251	$ 210,589

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2018, the District recognized OPEB expense of $273,157. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 162,639	$ -
Changes of assumptions or other inputs	-	592,146
Total	$ 162,639	$ 592,146

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date of the total OPEB liability will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2019	$ (51,491)
2020	(51,491)
2021	(51,491)
2022	(51,491)
2023	(51,491)
Thereafter	(334,691)

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)

E. Payable to the OPEB Plan

At June 30, 2018, the District reported no payable for the outstanding OPEB contributions for the year ended June 30, 2018.

NOTE 13 – SUBSEQUENT EVENT

On July 26, 2018, the District issued $60,000,000 in Election of 2015 General Obligation Bonds, Series B. The bonds are the second series of general obligation bonds issued pursuant to the 2015 authorization. The bonds are being issued to finance the acquisition, construction, furnishing, and equipping of District facilities and to pay certain costs of issuance associated therewith.

(This page intentionally left blank)

Required Supplementary Information

(This page intentionally left blank)

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual* (Budgetary Basis)	Final Budget - Pos (Neg)
Revenues				
LCFF Sources	$ 26,079,661	$ 25,995,957	$ 26,128,374	$ 132,417
Federal Sources	862,361	1,124,213	974,240	(149,973)
Other State Sources	2,095,766	2,913,850	3,138,524	224,674
Other Local Sources	4,604,781	5,380,821	5,540,276	159,455
Total Revenues	33,642,569	35,414,841	35,781,414	366,573
Expenditures				
Current:				
Certificated Salaries	15,389,259	16,038,350	15,979,447	58,903
Classified Salaries	4,811,844	4,851,653	4,818,335	33,318
Employee Benefits	8,164,155	7,737,665	7,740,488	(2,823)
Books and Supplies	1,389,648	1,860,055	1,458,639	401,416
Services and Other Operating Expenditures	5,154,537	5,676,003	4,995,243	680,760
Capital Outlay	7,929	541,366	48,086	493,280
Intergovernmental Transfers	806,582	970,739	942,149	28,590
Debt Service	32,981	32,981	24,736	8,245
Total Expenditures	35,756,935	37,708,812	36,007,123	1,701,689
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,114,366)	(2,293,971)	(225,709)	2,068,262
Other Financing Sources (Uses)				
Interfund transfer in	70,000	70,000	70,000	-
Total Other Financing Sources and Uses	70,000	70,000	70,000	-
Net Change in Fund Balance	(2,044,366)	(2,223,971)	(155,709)	2,068,262
Fund Balance, July 1, 2017	8,050,401	8,050,401	8,050,401	-
Fund Balance, June 30, 2018	$ 6,006,035	$ 5,826,430	$ 7,894,692	$ 2,068,262

* The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education, Deferred Maintenance, and Special Reserve for Postemployment Benefits Funds, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

Last Ten Fiscal Years*

	2017	2016	2015	2014
CalSTRS				
District's proportion of the net pension liability	0.0287%	0.0290%	0.0310%	0.0280%
District's proportionate share of the net pension liability	$ 26,552,449	$ 23,455,490	$ 20,870,440	$ 16,362,360
State's proportionate share of the net pension liability associated with the District	6,201,022	13,354,758	11,038,132	9,880,399
Totals	$ 32,753,471	$ 36,810,248	$ 31,908,572	$ 26,242,759
District's covered-employee payroll	$ 14,368,355	$ 14,279,925	$ 13,677,185	$ 12,495,200
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	184.80%	164.25%	152.59%	130.95%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
CalPERS				
District's proportion of the net pension liability	0.0485%	0.0475%	0.0484%	0.0485%
District's proportionate share of the net pension liability	$ 11,580,494	$ 9,381,279	$ 7,134,208	$ 5,505,931
District's covered-employee payroll	$ 4,438,731	$ 4,026,825	$ 3,890,638	$ 3,741,592
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	260.90%	232.97%	183.37%	147.15%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

Notes to Schedule:

Changes in Benefit Terms

A summary of the plan provisions that were used for a specific plan can be found in each plan's annual valuation report.

Change of Assumptions and Methods

CalSTRS:

The assumptions used in determining the Total Pension Liability of the STRP changed as a result of the actuarial experience study for the period starting July 1, 2010 and ending June 30, 2015. The assumption changes were to price inflation, wage growth, discount rate and the mortality tables.

CalPERS:

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF B was lowered from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF B from 7.50 percent to 7.00 percent, which is to be phased-in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2017, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period, and remained adjusted for administrative expenses.

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Schedule of Pension Contributions

For the Fiscal Year Ended June 30, 2018

Last Ten Fiscal Years*

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 2,228,300	$ 1,807,539	$ 1,532,236	$ 1,214,534
Contributions in relation to the contractually required contribution	2,228,300	1,807,539	1,532,236	1,214,534
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 15,442,134	$ 14,368,355	$ 14,279,925	$ 13,677,185
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 744,254	$ 616,451	$ 477,058	$ 457,967
Contributions in relation to the contractually required contribution	744,254	616,451	477,058	457,967
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,792,055	$ 4,438,731	$ 4,026,825	$ 3,890,638
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

Last 10 Fiscal Years*

	2018
Total OPEB liability	
Service cost	$ 537,236
Interest	235,686
Changes of assumptions or other inputs	(643,637)
Benefit payments	(264,014)
Net change in total OPEB liability	(134,729)
Total OPEB liability - beginning	8,828,908
Total OPEB liability - ending	$ 8,694,179
Covered-employee payroll	$ 34,864,850
Total OPEB liability as a percentage of covered-employee payroll	24.94%

Notes to Schedule:
None noted.

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios – MPP Program
For the Fiscal Year Ended June 30, 2018

(Dollars in Thousands, except for District's proportionate share)

	2018
Total OPEB liability	
Interest	$ 12,928
Differences between expected and actual experience	(41)
Changes of assumptions	(31,240)
Benefit payments, including refunds of member contributions	(28,929)
Net change in total OPEB liability	(47,282)
Total OPEB liability - beginning	468,031
Total OPEB liability - ending	$ 420,749
Plan fiduciary net position	
Contributions - employer	$ 29,117
Net investment income	11
Premiums paid	(28,929)
Administrative expense	(168)
Net change in plan fiduciary net position	31
Plan fiduciary net position - beginning	10
Plan fiduciary net position - ending	$ 41
Net OPEB liability	$ 420,708
District's proportionate share of net OPEB liability	$ 192,251
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%
Covered-employee payroll	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A

Notes to Schedule:

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

This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule
This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Proportionate Share of the Net Pension Liability
This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions
This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- 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.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
This schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents information of the measurement date of the net OPEB liability.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2018, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

General Fund:		
Employee Benefits	$	2,823

Supplementary Information

(This page intentionally left blank)

The San Rafael City High School District was established in 1861. The District boundaries encompass the city of San Rafael, as well as small portions of the city of Larkspur and the town of Ross and some unincorporated areas of central Marin County. There were no changes in the boundaries of the District during the current year. The District provides secondary education for students residing in two elementary school districts: Dixie School District and San Rafael City Elementary School District. The District is currently operating two comprehensive high schools, and a continuation high school.

GOVERNING BOARD

Member	Office	Term Expires
Greg Knell	President	November, 2020
Maika Llorens Gulati	Vice President	November, 2020
Rachel Kertz	Member	November, 2018
Natu Tuatagaloa	Member	November, 2018
Linda M. Jackson	Member	November, 2020

DISTRICT ADMINISTRATORS

Michael R. Watenpaugh, Ed.D ,
Superintendent

Dr. Mayra Perez,
Deputy Superintendent, Instruction

Amy Baer,
Assistant Superintendent, Human Resources

Doug Marquand,
Assistant Superintendent, Business Services

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2018

	Second Period Report Certificate No. (C06523E4)	Annual Report Certificate No. (F624E648)
Regular & Extended Year ADA:		
Ninth through Twelfth	2,432.59	2,419.95
Total Regular ADA	2,432.59	2,419.95
Special Education, Nonpublic, Nonsectarian Schools:		
Ninth through Twelfth	15.69	16.21
Total Special Education, Nonpublic, Nonsectarian Schools	15.69	16.21
Total ADA	2,448.28	2,436.16

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Schedule of Instructional Time

For the Fiscal Year Ended June 30, 2018

Grade Level	Required Minutes	2017-18 Actual Minutes	Number of Days Traditional Calendar	Status
Grade 9	64,800	64,960	179	Complied
Grade 10	64,800	64,960	179	Complied
Grade 11	64,800	64,960	179	Complied
Grade 12	64,800	64,960	179	Complied

* District was closed for emergency smoke conditions and obtained a wavier.

SAN RAFAEL CITY HIGH SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2018

General Fund	(Budget)[2] 2019	2018 [4]	2017	2016
Revenues and other financing sources	$ 35,595,731	$ 35,851,414	$ 34,835,136	$ 32,632,565
Expenditures	37,256,928	36,007,123	35,097,578	32,509,501
Change in fund balance (deficit)	(1,661,197)	(155,709)	(262,442)	123,064
Ending fund balance	$ 6,233,495	$ 7,894,692	$ 8,050,401	$ 8,312,843
Available Reserves[1]	$ 4,566,812	$ 6,254,909	$ 5,522,965	$ 2,633,942
Available Reserves as a percentage of Total Outgo	12.3%	17.4%	15.7%	8.1%
Total Long-Term Debt	$ 127,472,643	$ 133,805,507	$ 134,905,148	$ 126,453,809
Average Daily Attendance at P-2[3]	2,525	2,448	2,401	2,207

The General Fund balance has decreased by $418,151 over the past two years. The fiscal year 2018-19 adopted budget projects a decrease of $1,661,197. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years, and anticipates incurring an operating deficit during the 2018-19 fiscal year. Total long-term debt has increased by $7,351,698 over the past two years.

Average daily attendance (ADA) has increased by 241 over the past two years. An increase of 77 ADA is anticipated during fiscal year 2018-19.

[1] Available reserves consist of all unassigned fund balances in the General Fund.

[2] As of September 2018.

[3] Includes Basic Aid "District of Choice" ADA.

[4] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education, Deferred Maintenance, and Special Reserve for Postemployment Benefits Funds, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

		Building Fund
June 30, 2018, annual financial and budget report fund balance	$	12,694,409
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Accounts payable understated		(201,208)
June 30, 2018, reported financial statement fund balances	$	12,493,201

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	$ 156,254	
National School Lunch Program	10.555	13523	260,996	
USDA Donated Foods	10.555	N/A	27,569	
Total Child Nutrition Cluster				$ 444,819
Total U.S. Department of Agriculture				444,819
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		270,035
Title II, Part A, Supporting Effective Instruction	84.367	14341		36,398
English Language Acquisition Grants Cluster:				
Title III, Immigrant Education	84.365	15146	49,262	
Title III, Limited English Proficient	84.365	14346	29,133	
Total English Language Acquisition Grants Cluster				78,395
Title X, McKinney-Vento Homeless Children Assistance Grants	84.196	14332		60,130
Carl Perkins Act - Secondary	84.048	14894		49,425
Individuals with Disabilities Education Act (IDEA):				
Passed through Marin County SELPA:				
Special Education Cluster:				
Local Assistance Entitlement	84.027	13379	444,065	
Local Assistance, Part B, Section 611, Early Intervening Services	84.027	10119	2,050	
Mental Health Allocation Plan, Part B, Section 611	84.027A	15321	33,742	
Total Special Education Cluster				479,857
Total U.S. Department of Education				974,240
Total Expenditures of Federal Awards				$ 1,419,059

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

NOTE 1 – PURPOSE OF SCHEDULES

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

Schedule of Instructional Time
The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. The District has not met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

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.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards
The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

(This page intentionally left blank)

Other Independent Auditors' Reports

(This page intentionally left blank)

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

Board of Education
San Rafael City High School District
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Rafael City High School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise San Rafael City High School District's basic financial statements, and have issued our report thereon dated November 26, 2018.

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

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

www.nncpas.com • Licensed by the California Board of Accountancy

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

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

Nigro+Nigro, PC

Murrieta, California
November 26, 2018

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
San Rafael City High School District
San Rafael, California

Report on State Compliance
We have audited San Rafael City High School District's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the San Rafael City High School District's state government programs as noted on the following page for the fiscal year ended June 30, 2018.

Management's Responsibility
Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of San Rafael City High School District's state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about San Rafael City High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of San Rafael City High School District's compliance.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	No (see below)
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

www.nncpas.com • Licensed by the California Board of Accountancy

Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for independent study because the ADA was under the level that requires testing.

Unmodified Opinion on Compliance with State Programs

In our opinion, San Rafael City High School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance with the compliance requirements referred to previously, which is required to be reported in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* and which is described in the accompanying schedule of findings and questioned costs as Finding 2018-001. Our opinion on each state program is not modified with respect to these matters.

District's Response to Finding

San Rafael City High School District's response to the compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. San Rafael City High School District's response was not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the response.

Nigro + Nigro, PC

Murrieta, California
November 26, 2018

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

Board of Education
San Rafael City High School District
San Rafael, California

Report on Compliance for Each Major Federal Program
We have audited San Rafael City High School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of San Rafael City High School District's major federal programs for the year ended June 30, 2018. San Rafael City High School District's major federal programs are identified in the summary of auditors' 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.

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

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

Opinion on Each Major Federal Program
In our opinion, San Rafael City High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

www.nncpas.com • Licensed by the California Board of Accountancy

Report on Internal Control Over Compliance
Management of San Rafael City High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered San Rafael City High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Nigro + Nigro, PC

Murrieta, California
November 26, 2018

Findings and Questioned Costs

(This page intentionally left blank)

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Siginificant deficiency(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Siginificant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516?	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555	National School Lunch Program (NSLP)

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

State Awards

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

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2017-18.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2017-18.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

Findings 2018-001 CAPADS Unduplicated Pupil Counts (40000)

Criteria: Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:

- Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-priced meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* section 2574(b)(2) and 42338.02(b)(1)).
- Divided by total enrollment in the LEA (EC sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certificated enrollment reported in the CALPADS as of Census Day.

Condition: During our testing of the English learners and free and reduced-price meal eligible students reported in the CALPADS 1.17 and 1.18 reports, we noted one student selected in our English learner only category that should have been classified as English only based on the Student's status in the District's student information system.

Context: We noted one English Learner only classification error at Terra Linda High School.

Cause: The District EL error was caused due to student information that was not updated during the preparation of the CALPADS report prior to the amendment window closing.

Questioned Costs: $191. This amount was determined by calculating the difference between the District's original total LCFF revenues and the LCFF revenues adjusted for the decrease in the unduplicated pupil counts.

Effect: The unduplicated pupil counts reported in the CALPADS 1.17 and 1.18 reports should be adjusted for the following changes as a result of the procedures performed:

		Adjusted based on eligibility for:		
School Site:	CALPADS Reported	FRPM	EL	Adjusted Total
Terra Linda	506	-	(1)	505
Aggregate remaining school sites	920	-	-	920
District-wide	1,426	-	(1)	1,425

The enrollment of 2,648 was not impacted as of a result of the procedures performed.

Recommendation: We recommend that procedures are established to ensure that the student information system which is used for CALPADS reporting, is updated to reflect the changes and entries made in the student information system for English learners prior to the submission of the CALPADS report.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

Findings 2018-001 CAPADS Unduplicated Pupil Counts (40000) (continued)

Views of Responsible Officials: The District agrees with the finding and feel a partial reason for the CALPADS report not being updated was an indirect result of the resignation of the CTO. The District has assigned supervision of CALPADS reporting to our Data Analyst and she is working diligently to assure this does not re-occur. District staff have been informed of this error and are committed to a permanent solution. District supervision and procedures for CALPADS reporting will be updated and student information will be audited and updated during the preparation of the CALPADS report and prior to the amendment window closing. The 2017-18 unduplicated pupil counts reported in the CALPADS 1.17 and 1.18 reports will be adjusted accordingly.

Original Finding No.	Finding	Code	Recommendation	Current Status
Findings 2017-001 CAPADS Unduplicated Pupil Counts	Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals: • Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-priced meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* section 2574(b)(2) and 42338.02(b)(1)). • Divided by total enrollment in the LEA (EC sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certificated enrollment reported in the CALPADS as of Census Day. During our testing of the English learners and free and reduced-price meal eligible students reported in the CALPADS 1.17 and 1.18 reports, we noted nine students selected in our English learner only category that should have been reclassified based on the Student's status in the District's student information system. Additionally, we noted one pupil identified in the CALPADS report as being FRPM eligible who did not have a qualifying application on file.	40000	We recommend that procedures are established to ensure that the student information system, which is used for CALPADS reporting, is updated to reflect the changes and entries made in the student information system for English learners and FRPM eligible students prior to the submission of the CALPADS report.	Partially Implemented; See Finding 2018-001.

To the Board of Education
San Rafael City High School District
San Rafael, California

In planning and performing our audit of the basic financial statements of San Rafael City High School District for the year ending June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 26, 2018, on the financial statements of San Rafael City High School District.

ASSOCIATED STUDENT BODY (ASB) FUNDS

Observation*:* In our testing of cash receipts at San Rafael High and Terra Linda High, we found several instances where the deposits we tested lacked sufficient supporting documentation, such as pre-numbered receipts or tickets, tally sheets, or sales reports. Without supporting documentation, we could not verify whether all cash collected had been deposited intact and into the correct ASB account.

Recommendation: Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for. Although support was evident in some transactions, we recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales.

Observation*:* During our testing of cash disbursements at San Rafael High and Terra Linda High, we noted several internal control weaknesses. Disbursements were made without sufficient documentation, and in some cases without proper pre-approval.

Recommendation: Education Code Section 48933(b) requires all disbursements of ASB funds to be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. As a "best practice", approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines. Furthermore, no disbursements should be made without an original invoice or receipt indicating the purpose of the disbursement.

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

Nigro + Nigro, PC

Murrieta, California
November 26, 2018

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

www.nncpas.com • *Licensed by the California Board of Accountancy*

APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF SAN RAFAEL AND THE COUNTY OF MARIN

The following information concerning the County of Marin (the "County") and the City of San Rafael (the "City") is presented for information purposes only. The information has been obtained from the sources referenced as of the dates indicated. These sources are believed to be reliable but the information is not guaranteed as to accuracy or completeness, and is not, and should not be construed as, a representation by the District or the Underwriter. The District comprises only a portion of the County and the Bonds are only payable from *ad valorem* property taxes levied on property in the District. The Bonds are not a debt or obligation of the County or the City.

General

The City of San Rafael. The City, which is located 17 miles north of San Francisco, was incorporated in 1874 and became a charter city in 1913. The City has a total area of 22.4 square miles of which 16.6 square miles is land and 5.8 square miles is water. The City has a council/city manager form of government composed of an elected mayor and four elected city council members. The City Manager serves as the Chief Executive Officer of the City under the policy direction of the City Council and is responsible for the day-to-day operations of the City.

Marin County. The County is located in the northern portion of the San Francisco Bay Area, north of San Francisco across the Golden Gate Bridge. The County is one of the nine counties of the greater San Francisco Bay Area. The County's transportation facilities are excellent, with U.S. Highway 101 and U.S. Interstate Highway 580 providing easy access to the rest of California and the West. Buses provide commuter service to San Francisco and other Bay Area cities, and commuter ferries embark for San Francisco from the communities of Sausalito, Tiburon, and Larkspur. The County is bordered by Sonoma County to the north and the Pacific Ocean on the west and by the San Francisco Bay on the south and east. The County has a total area of 828 square miles, 308 of which is water. The County was created on February 18, 1850. The County seat is San Rafael.

[Remainder of page intentionally left blank]

Population

The following table shows historical population statistics from 2015 through 2019 for the City as well as the other cities in the County and the County.

POPULATION OF THE CITIES OF THE COUNTY
AND THE COUNTY OF MARIN
Calendar Years 2015 through 2019

	2015	2016	2017	2018	2019
Belvedere	2,148	2,160	2,154	2,148	2,148
Corte Madera	9,628	9,684	9,665	10,043	10,047
Fairfax	7,716	7,742	7,733	7,714	7,721
Larkspur	12,540	12,650	12,639	12,588	12,578
Mill Valley	14,645	14,718	14,702	14,669	14,675
Novato	54,292	54,362	54,276	54,161	54,115
Ross	2,526	2,540	2,535	2,528	2,526
San Anselmo	12,860	12,949	12,925	12,908	12,902
San Rafael	60,017	60,196	60,191	60,020	60,046
Sausalito	7,424	7,457	7,450	7,421	7,416
Tiburon	9,373	9,405	9,391	9,366	9,362
Balance of County	69,340	69,281	69,266	69,237	69,343
County Total	262,509	263,144	262,927	262,803	262,879

Based on 2010 Census benchmark and Population Estimates for Cities, Counties, and State.
Source: California State Department of Finance.

Income

The following table summarizes personal income for the County from 2013 through 2017, the most recent data available.

PERSONAL INCOME
2013 through 2017
(Dollars in thousands)

Year	Marin County	Annual % Change
2013	$25,420,409	3.15
2014	27,809,674	8.59
2015	29,954,834	7.16
2016	30,743,568	2.57
2017	32,502,500	5.41

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarize the per capita personal income for the County, the State of California and the United States from 2013 through 2017, the most recent data available.

PER CAPITA PERSONAL INCOME[(1)]
2013 through 2017

Year	Marin County	State of California	United States
2013	$ 94,310	$48,125	$44,438
2014	104,319	51,344	46,449
2015	111,959	54,718	48,451
2016	115,952	56,374	49,246
2017	124,552	59,796	51,722

[(1)] Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

[Remainder of page intentionally left blank]

Employment

The City, County and State civilian labor force figures are shown in the following table for the years 2014 through 2018. The County figures are County-wide and may not necessarily reflect employment trends in the District.

CITY OF SAN RAFAEL, MARIN COUNTY, AND CALIFORNIA
Labor Force, Employment, and Unemployment (1)

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate(2)
2014				
City of San Rafael	32,400	31,000	1,400	4.4%
Marin County	139,100	133,100	5,900	4.3
California	18,758,400	17,351,300	1,407,100	7.5
2015				
City of San Rafael	32,500	31,300	1,200	3.7
Marin County	139,500	134,600	4,900	3.5
California	18,896,500	17,724,800	1,171,700	6.2
2016				
City of San Rafael	32,900	31,800	1,100	3.4
Marin County	140,300	135,700	4,600	3.3
California	19,093,700	18,048,800	1,044,800	5.5
2017				
City of San Rafael	32,000	30,900	1,100	3.3
Marin County	141,400	137,300	4,100	2.9
California	19,311,700	18,387,800	923,900	4.8
2018				
City of San Rafael (3)	--	--	--	--
Marin County	141,100	137,700	3,400	2.4
California	19,398,200	18,582,800	815,400	4.2

(1) Data reflects employment status of individuals by place of residence.
(2) Unemployment rate is based on unrounded data.
(3) Data unavailable for 2018.
Source: March, 2018 Benchmark. California State Employment Development Department.

[Remainder of page intentionally left blank]

Industry

Educational and health services are the largest employers in the County followed by professional and business services. The table below shows the estimated employment by industry group for 2014 through 2018.

MARIN COUNTY
EMPLOYMENT BY INDUSTRY
ANNUAL AVERAGES
2014 through 2018 by Industry

	2014	2015	2016	2017	2018
Agriculture total	400	300	300	300	300
Mining and logging	0	0	0	0	0
Construction	6,100	6,500	6,800	7,200	7,700
Manufacturing	3,500	4,000	4,500	4,900	5,200
Wholesale trade	2,800	2,600	2,500	2,500	2,500
Retail trade	14,300	14,200	14,400	14,600	15,100
Transportation, warehouse & utilities	1,200	1,300	1,300	1,300	1,300
Information	2,900	2,900	2,900	2,600	2,700
Finance	6,800	6,400	6,200	5,800	5,600
Professional and business services	18,000	18,000	18,000	17,500	17,500
Educational and health services	19,700	20,100	20,600	21,100	21,100
Leisure and hospitality	15,100	15,400	16,000	16,700	16,300
Other Services	5,200	5,200	5,500	5,800	5,700
Government	15,400	15,500	15,500	15,700	16,000
Non Agriculture Total	110,600	112,000	114,200	115,700	116,500

Source: California State Employment Development Department.

[Remainder of page intentionally left blank]

Major Employers Within the City and the County

The City and County are hosts to a diverse mix of major employers representing industries ranging from health services to technology. The following tables list the City and County's major employers.

CITY OF SAN RAFAEL
2017-18 MAJOR EMPLOYERS

Employer	Employees
Kaiser Permanente	2,092
San Rafael City Schools	700
City of San Rafael	410
Dominican University of California	319
Community Action Marin	300
Bradley Real Estate	256
Guide Dogs for the Blind	200
Ghilotti Bros.	175
United Markets	150
Buckelew Programs	106

Source: City of San Rafael Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2018.

[Remainder of page intentionally left blank]

COUNTY OF MARIN
2019 MAJOR EMPLOYERS
(listed in alphabetical order by employer name without regard to number of employees)

Employer	Location	Industry
Autodesk Inc	San Rafael	Computer Programming Services
Bay Equity	Sausalito	Real Estate Loans
Bio Marin Pharmaceutical Inc	San Rafael	Laboratories-Research & Dev.
Bradley Real Estate	Belvedere Tiburon	Real Estate
Cagwin & Dorward Landscape	Novato	Landscape Contractors
California Alpine Club	Mill Valley	Clubs
College of Marin	Kentfield	Junior – Community College – Tech Inst
Community Action Marin	San Rafael	Non-Profit Organizations
Corrections Department	San Quentin	Government Offices - State
Dominican University of Ca	San Rafael	Schools-Universities & Colleges
Glassdoor Inc	Mill Valley	Website Hosting
Kaiser Permanente San Rafael	San Rafael	Hospitals
Macy's	Corte Madera	Department Stores
Managed Health Network Inc	San Rafael	Mental Health Services
Marin County Sheriff’s Dept	San Rafael	Government Offices – County
Marin Independent Journal	San Rafael	Newspapers (publishers/Mfrs)
Marin General Hospital	Greenbrae	Hospitals
Nordstrom	Corte Madera	Department Stores
Novato Medical	Novato	Clinics
Restoration Hardware	Corte Madera	Furniture-Dealers-Retail
San Rafael Human Resources	San Rafael	Government Offices – City/Village & Twp
Sutter Care At Home	Novato	Health Care Facilities
Township Building Svc Inc	Novato	Janitor Service
Westamerica Bancorporation	San Rafael	Holding Companies (bank)
YMCA San Francisco	San Rafael	Youth Organizations & Centers

Source: America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition. Employer information is provided by Infogroup, Omaha, NE, 800/555-5211. © 2019. All Rights Reserved. California Employment Development Department.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2014 through 2018 for the City and the County are shown in the following tables.

CITY OF SAN RAFAEL
BUILDING PERMITS AND VALUATIONS
2014 through 2018

	2014	2015	2016	2017	2018
Valuation ($000's)					
Residential	$38,596	$51,781	$38,897	$35,388	$34,702
Non-Residential	93,285	52,556	35,707	39,133	33,626
Total	$131,881	$104,336	$74,603	$74,521	$68,328
Units					
Single Family	1	38	9	12	17
Multiple Family	45	0	15	0	0
Total	46	38	24	12	17

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

MARIN COUNTY
BUILDING PERMITS AND VALUATIONS
2014 through 2018

	2014	2015	2016	2017	2018
Valuation ($000's)					
Residential	$288,905	$282,016	$265,417	$281,520	$292,751
Non-Residential	186,282	550,397	125,041	126,066	149,367
Total	$475,187	$832,413	$390,458	$407,587	$442,118
Units					
Single Family	112	121	89	104	130
Multiple Family	76	20	17	0	102
Total	188	141	106	104	232

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

Commercial Activity

The tables below show the number of permits and taxable transactions in the City and the County between 2014 and 2018, the most recent data available.

CITY OF SAN RAFAEL
Valuation of Taxable Transactions
Fiscal Years 2014 through 2018

Year	Retail Permits	Taxable Transactions- Retail*	Total Permits	Taxable Transactions- Total*
2014	1,765	$1,407,601	2,884	$1,751,753
2015	1,744	1,426,578	3,079	1,777,942
2016	1,757	1,425,281	3,119	1,767,374
2017	1,709	1,461,443	3,046	1,804,048
2018	1,703	1,497,583	3,153	1,864,609

* In thousands.
Source: California Board of Equalization Taxable Sales in California.

COUNTY OF MARIN
Valuation of Taxable Transactions
Fiscal Years 2014 through 2018

Year	Retail Permits	Taxable Transactions- Retail*	Total Permits	Taxable Transactions- Total*
2014	6,457	$3,745,315	10,272	$4,861,801
2015	6,122	3,836,153	10,958	5,046,316
2016	6,059	3,855,662	10,941	5,045,785
2017	6,036	3,939,420	10,899	5,184,100
2018	6,027	4,144,299	11,199	5,393,565

* In thousands.
Source: California Board of Equalization Taxable Sales in California.

Transportation

The County's transportation facilities are excellent, with U.S. Highway 101 and U.S. Interstate Highway 580 providing easy access to the rest of California and the West. Buses provide commuter service to San Francisco and other Bay Area cities, and commuter ferries embark for San Francisco from the communities of Sausalito, Tiburon, and Larkspur. The San Francisco International Airport, located 40 miles from the District, provides air passenger service to destinations worldwide.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the San Rafael City High School District (the "District") in connection with the execution and delivery of $65,500,000 aggregate principal amount of the District's Election of 2015 General Obligation Bonds, Series C (the "Series C Bonds") and $11,055,000 aggregate principal amount of the District's 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds" and, together with the Series C Bonds, the "Bonds"). The Series C Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on September 23, 2019 (the "Series C Resolution") and the Refunding Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on September 23, 2019 (the "Refunding Resolution" and, together with the Series C Resolution, the "Resolutions"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolutions, as applicable.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Stifel, Nicolaus & Company, Incorporated (the "Underwriter") in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, 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 4 and 5 of this Disclosure Agreement.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Dissemination Agent" shall mean any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Agent has evidenced its acceptance in writing. The Dissemination Agent shall be Isom Advisors, a Division of Urban Futures Incorporated.

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

"Listed Event" means any of the events listed in Section 6 of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board, through its electronic municipal market access system, which can be found at http://emma.msrb.org/, or any repository of disclosure information that may be designated by the Securities and Exchange Commission for purposes of the Rule.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated October 31, 2019 ("Final Official Statement").

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 8 months after the end of the District's fiscal year (currently ending June 30), which date would be March 1, commencing with the report for the fiscal year ending June 30, 2019, which would be due on March 1, 2020, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District, in a timely manner, shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine the name and address of the MSRB each year prior to the date established hereunder for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) state funding received by the District for the last completed fiscal year;

(ii) average daily attendance of the District for the last completed fiscal year;

(iii) outstanding District indebtedness;

(iv) the District's approved annual budget for the then-current fiscal year;

(v) assessed valuation of taxable property within the District as shown on the recent equalized assessment role;

(vi) if the County of Marin no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year; and

(vii) top 20 property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable assessed value, and their percentage of total secured assessed value, if material.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Significant Events.

(a) The District agrees to provide or cause to be provided to the MSRB, in readable PDF or other electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties.

(iv) Substitution of or failure to perform by any credit provider.

(v) 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 obligated person; or

(x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) Business Days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, adverse tax opinions or 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 of rights to Bondholders;

(iii) Optional, unscheduled or contingent 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 an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) Appointment of a successor or additional Paying Agent or Trustee or the change of name of a Paying Agent or Trustee; or

(viii) Incurrence of a Financial Obligation of the obligated person or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Bondholders.

(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 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) Business Days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in 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.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolution which are incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in the Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, cost or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Agreement and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement under the following conditions, provided no amendment to this Agreement shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only 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 obligated person, or type of business conducted;

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or to include it in any future disclosure or notice of occurrence of a Listed Event.

Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder 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 Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

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

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: November 13, 2019

SAN RAFAEL CITY HIGH SCHOOL DISTRICT

By:____
Superintendent

Acceptance of duties as Dissemination Agent:

By:____
Isom Advisors,
a Division of Urban Futures Incorporated

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Rafael City High School District

Name of Issue: $65,500,000 Election of 2015 General Obligation Bonds, Series C and $11,055,000 2019 General Obligation Refunding Bonds

Date of Issuance: November 13, 2019

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Agreement dated November 13, 2019. The Issuer anticipates that the Annual Report will be filed by ___________________.

Dated: __________________________

[ISSUER/DISSEMINATION AGENT]

By:____

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

MARIN INVESTMENT POLICY STATEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

COUNTY OF MARIN

APPROVED
DEC - 4 2018
MARIN COUNTY
BOARD OF SUPERVISORS

DEPARTMENT OF FINANCE

Excellent and responsive fiscal leadership.

Roy Given, CPA
DIRECTOR

Mina Martinovich, CPA
ASSISTANT DIRECTOR

Marin County Civic Center
3501 Civic Center Drive
Suite 225
San Rafael, CA 94903
415 473 6154 T
415 473 3680 F
CRS Dial 711
www.marincounty.org/dof

Board of Supervisors
County of Marin
Civic Center
San Rafael. CA 94903

December 4, 2018

Subject: 2018/2019 Annual Statement of Investment Policy

Dear Board Members:

Recommendation: Pursuant to Government Code Section 53646, the following are submitted for review and approval:

- 2018/2019 Annual Statement of Investment Policy for funds managed by the Treasurer's office for the County, schools, college and Special Districts; and
- 2018/2019 Marin County Long-Term Investment Pool Policy for funds managed by the Treasurer's office for the Marin County General Fund;

Summary: There are no changes to the 2018/2019 Annual Statement of Investment Policy; it has been reviewed and monitored by the County Treasury Oversight Committee. The committee's membership is listed below. The authority for the committee and their responsibilities are contained in Government Codes sections 27130-27137.

Additionally, the 2018/2019 Annual Statement of Investment Policy is reviewed and monitored monthly by Fitch Ratings, an independent rating agency. Their report is attached. We continue with a rating of AAA/S1. The County's AAA rating has been maintained since 1994. The rating received is reflective of the outstanding work of the Treasury unit.

Alternative Recommendation: N/A

Reviewed by:	[X]	Finance Department	[ ]	N/A
	[ ]	County Counsel	[X]	N/A
	[X]	Administrator	[ ]	N/A

Respectfully submitted,

Roy Given

Roy Given
Director of Finance

CA-5b

cc: Treasury Oversight Committee:

Matthew Hymel, County Administrator
Dan Eilerman, Alternate Representative, County Administrator
Mary Jane Burke, Marin County Superintendent of Schools
Dan Hom, Special Districts Representative
Mike Watenpaugh, San Rafael City Schools Superintendent
Jean Bonander, Public Member
Roy Given, Director of Finance
Marin County School Districts
Special Districts
MCERA

STATEMENT OF INVESTMENT POLICY

COUNTY OF MARIN

Department of Finance
Roy Given, Director

Fiscal Year 2018-2019

COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY

TABLE OF CONTENTS

Under the authority delegated to the Director of Finance by the Board of Supervisors and in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin:

I. OBJECTIVES:

All funds on deposit in the County Treasury shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq. to ensure:

(a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping;

(b) Maintenance of sufficient **liquidity** to enable the participants and other depositors to meet their operating requirements;

(c) A **rate of return** consistent with the above objectives.

2. PARTICIPANTS

Participants in the Marin County Pool are defined as Marin County, Marin Public School Agencies, Marin Community College, Marin County Office of Education, districts under the control of the County Board of Supervisors, autonomous/independent districts whose treasurer is the Director of Finance and any other district or agency approved by the Board of Supervisors and the Director of Finance using the County of Marin as their fiscal agent.

(a) **Statutory participants** are those government agencies within the County of Marin for which the Marin County Treasurer is statutorily designated as the Custodian of Funds.

(b) **Voluntary participants** are other local agencies that may participate in the Pooled Investment Fund, such as special districts and cities for which the Marin County Treasurer is not statutorily designated as the Custodian of Funds. Participation is subject to approval by the Director of Finance, and in accordance with California Government Code Section 53684.

3. *AUTHORIZED PERSONS*

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day to day business activities, Principal Staff shall use separate means of travel to attend training and conferences.

All investment decisions shall be made with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting, as a trustee, in a like capacity and familiarity 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 participants.

4. *BIDS & PURCHASE OF SECURITIES*

Prior to the purchase of an investment pursuant to this policy the persons authorized to make investments shall assess the market and market prices using information obtained from available sources including investment services, broker/dealers, and the media. Bids for various investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor and thirdly, yield. Investments in commercial paper, bankers acceptances and certificates of deposit for each issuer shall be limited to five percent (5%) of Treasury assets, determined using the Treasury balance at the time of purchase, except that investments in overnight commercial paper shall be limited to seven percent (7%) of Treasury assets for any one issuer. The investment selected for purchase shall be that investment which in the opinion of the purchaser most clearly meets these objectives. All security transactions shall be documented at the time the transaction is consummated.

5. *TERM*

Maturities of investments in the Marin County Treasury Pool shall be selected based upon liquidity requirements. The maximum remaining term to maturity for an investment shall be three (3) years; except that, subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq. of the California Government Code, the Director of Finance may authorize investments in U.S. Treasury obligations and/or U.S. and local agency obligations with a maximum remaining term to maturity that shall not exceed five (5) years. The weighted average maturity of the investment pool, to be determined at the time of purchase, shall not exceed 540 days to final maturity/call.

Capital Funds, Construction Funds, or money obtained through the sale of agency surplus property, may be invested by the Director of Finance in specific investments outside of the Pool provided the Director of Finance obtains written approval from the governing board of the County, School District or Special District. No investment shall have a remaining maturity in excess of five (5) years.

Proceeds of Debt Issues set aside for repayment of any County, School District, or Special District financings shall not be invested for a term that exceeds the term set forth in the financing documents.

6. ALLOWED INVESTMENTS

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may invest in the following subject to the limitations as set forth:

(a) **United States Treasury obligations.**

(b) **United States Agency obligations.**

(c) **Securities of U.S. Government Agencies & Instrumentalities**

(d) **State of California Bonds and Registered Warrants**.

(e) **Bonds, Notes, Warrants** or other evidence of indebtedness of a **local agency** within the State of California.

(f) **Bankers acceptances** not to exceed one hundred eighty (180) days to maturity or at the time of purchase thirty percent (30%) of the treasury fund balance.

(g) **Commercial paper** of "prime" quality of the highest_letter and numerical rating as provided for by Moody's_Investors Service, Inc., or Standard and Poor's Corporation, to be chosen from among corporations organized and operating_within the United States with assets in excess of $500,000,000.00 and having an "A" or higher rating for the issuer's debt, other than commercial paper, as provided for by Moody's Investors Service or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed two hundred seventy (270) days in maturity and may not exceed forty percent (40%) of the treasury fund balance.

(h) **Negotiable certificates of deposit** issued by a nationally or state-chartered bank, a state or federal association or by a state-licensed branch of a foreign bank selected on the basis of financial stability and credit rating criteria employed by the County Director of Finance. Negotiable certificates of deposit may not exceed thirty percent (30%) of the treasury fund balance.

i) **Non-negotiable certificates of deposit (Time Deposits)** with a nationally or state-chartered bank or a state or federal association selected on the basis of financial stability, credit rating and reputation using criteria employed by the County Director of Finance fully collateralized at one hundred ten percent (110%) of market value with U.S. Government Securities, high-grade Municipal Bonds, instruments of federal agencies, including mortgage backed securities at one hundred fifty percent (150%) of market value with promissory notes secured by first deeds of trust upon improved residential real property as provided by the Government Code.

(j) **Medium-term Notes** rated "A" or better, to be chosen from among corporations with assets in excess of $500,000,000.00 with a maturity not to exceed two years from the date of purchase. Purchase of eligible medium-term notes may not exceed thirty percent (30%) of the treasury fund balance.

(k) **Shares of beneficial interest issued by diversified management companies**, which are money market funds investing in securities and obligations as authorized by this investment policy. To be eligible for investment these companies shall attain the highest ranking or the highest letter and numerical rating provided by no less than two nationally recognized statistical rating organizations and have assets under management in excess of $500,000,000.00. The purchase price may not include any commissions that these companies may charge, and the purchase of shares in any one mutual fund may not exceed ten percent (10%) of the treasury balance and the total invested my not exceed twenty percent (20%) of the treasury balance. Shares of beneficial interest issued by diversified management companies may include shares in investment trusts established under provisions of the California Joint Exercise of Powers Act.

(l) **Repurchase agreements** on any investment authorized by this investment policy where the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the funds borrowed against those securities, and the value shall be adjusted daily. The County Director of Finance or designee must approve any collateral substitution by the seller, and any new collateral should be reasonably identical to the original collateral in terms of maturity, yield, quality and liquidity.

(m) **California State Local Agency Investment Pool (LAIF)** operated by the State Treasurer's office.

(n) **Financial Institution Investment Accounts** All funds on deposit with the County shall be managed by the Director of Finance. The Director of Finance may, at his option, at the time of placement, place not more than five percent (5%) of the Treasury assets at the time of investment with a financial institution for the purpose of managing such funds. Securities eligible for purchase by the financial institution are limited to United States Treasury and Agency obligations with a "AAA" credit quality rating, must be held in the County's name in a third party custody account, may not have a remaining maturity in excess of three (3) years, and the account shall have an average maturity of 1.5 years or less. All security transactions shall be supervised and approved by designated staff on the Authorized Investor List.

Where a percentage limitation is specified for a particular category of investments, that percentage is applicable only at the time of purchase.

7. *PROHIBITED INVESTMENTS*

(a) The County Director of Finance **shall not invest** in any **Derivatives** such as inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages or any security bearing a rate of interest which is not known at the time of purchase.

(b) The County Director of Finance shall not invest any funds in any security that could result in **zero interest accrual** if held to maturity or where there is a risk of loss of principal when held to maturity.

(c) **Reverse repurchase agreements**, securities lending agreements and all other investments that are not specifically allowed by this investment policy are prohibited.

(d) In accordance with Marin County's Nuclear Freeze Ordinance Measure "A" (Exhibit 1) as approved by the voters on November 4, 1986, the County is prohibited from investing in securities or other obligations of any corporation or business entity which is a **nuclear weapons contractor**.

Furthermore, said corporations or business entities that the County Director of Finance does invest in must file an affidavit as required by Measure "A" Section VI. B certifying that neither it, nor its parent company, affiliates or subsidiaries are nuclear weapons contractors. A copy of each affidavit received shall be sent to the Peace Commission.

8. BROKERS

Broker/dealers shall be selected by the Director of Finance upon recommendation by the Investment Officer or designated principal staff on the Authorized Investor List. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution and the reputation and expertise of the individuals employed. The Director of Finance shall be prohibited from selecting any broker, brokerage firm, dealer, or securities firm that has, within any 48 consecutive 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, any member of the Board of Supervisors, any member of the governing board of a local agency having funds held in the County Treasury, or any candidate for those offices. The broker/dealers shall be provided with and acknowledge receipt of the County Investment Policy.

9. WITHDRAWALS

No withdrawals from the Marin County Pool shall be made for the purpose of investing and or depositing those funds outside the pool without the prior approval of the Marin County Director of Finance. The Director of Finance shall evaluate each proposed withdrawal to assess the effect the withdrawal will have upon the stability and predictability of the investments in the County Treasury. Approval shall be given unless the withdrawal will adversely affect the interests of the other depositors. Requests for withdrawals for the purpose of investing or depositing funds outside the pool shall be made in writing at least ten (10) business days in advance of the proposed withdrawal date. Notice in writing of at least five (5) business days shall be required for withdrawals in excess of $250,000.00 for loan repayments, capital expenditures and any expenditure not in the ordinary course of operations.

10. SWAPS

Securities can be swapped for other approved securities with similar maturity schedules to gain higher rates of return. When a swap involves a change in liquidity, future cash needs shall be conservatively estimated.

11. LOSSES

Losses are acceptable on a sale before maturity, and may be taken if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.

12. DELIVERY & SAFEKEEPING

Delivery of all securities shall be through a third party custodian. Non-negotiable certificates of deposit and notes of local agencies may be held in the Director of Finance's safe. The County's safekeeping agent shall hold all other securities. No security shall be held in safekeeping by the broker/dealer from whom it was purchased. Settlement payment in a securities transaction will be against delivery only, and a Due Bill or other substitution will not be acceptable. Persons authorized under section three (3) who did not originate the investment transaction shall review all confirmations for conformity with the original transaction. Confirmations resulting from securities purchased under a repurchase agreement shall state the exact and complete nomenclature of the underlying securities purchased.

13. APPORTIONMENT OF INTEREST & COSTS

Interest shall be apportioned to all pool participants quarterly based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. The amount of interest apportioned shall be determined using the cash method of accounting whereby interest will be apportioned for the quarter in which it was actually received. The Director of Finance shall deduct from the gross interest received those actual administrative costs relating to the management of the treasury including salaries and other compensation, banking costs, equipment purchased, supplies, costs of information services, audits and any other costs as provided by Section 27013 of the Government Code.

14. CONFLICT OF INTEREST

A member of the county treasury oversight committee, the County Director of Finance or County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business, consistent with state law.

15. AUDITS

The County of Marin investment portfolio shall be subject to a process of independent review by the County's external auditors. The County's external auditors shall review the investment portfolio in connection with the annual county audit for compliance with the statement of investment policy pursuant to Government Code Section 27134. The results of the audit shall be reported annually to the Director of Finance and the Marin County Treasury Oversight Committee.

15.1 Compliance Audit: Government Code Section 27134

The Treasury Oversight Committee shall cause an annual audit to be conducted to determine the County Treasury's compliance with Article 6 of the Government Code. This audit may include issues relating to the structure of the investment portfolio and risk

16. REVIEW

The Director of Finance and designated staff will perform a monthly review of the investment function.

17. REPORTS

The Director of Finance shall prepare a monthly report listing all investments in the County Pool as of the last day of the month and a report of the average days to maturity and yield of investments in the County Pool. The Director of Finance shall also prepare a monthly report for all non-pooled investments. These reports shall be distributed to the Marin County Board of Supervisors, Superintendent of Schools, Marin Public School Agencies, Special Districts, non-pooled investors, the County's investment oversight committee, and any other participant upon request.

18. INVESTMENT POLICY

The County Director of Finance shall prepare and submit an annual statement of investment policy to the Board of Supervisors.

19. TREASURY OVERSIGHT COMMITTEE

Consistent with State law the County has established a Treasury Oversight Committee. The Committee includes representatives from the County of Marin, Superintendent of Schools' Office, School Districts and Special Districts. The Committee shall review and monitor the Investment Policy as contained in California Government Code Sections 27130 – 27137.

20. DISASTER /BUSINESS CONTINUITY PLAN

The County of Marin's banking and investment functions are mission critical and as such, the office must have a business continuity plan.

The goal of a disaster/business recovery plan is to protect and account for all funds on deposit with the county treasury and to be able to continue our banking and investment functions for all participants in the event of an occurrence (Earthquake, Fire, Pandemic or other event) which disrupt normal operations. Our plan provides for the ability to perform our banking and investment function at an off-site location under less than optimal conditions and, if needed, even outside our county.

In the event of an occurrence which precludes staff from being able to operate from our office, the attached plan (exhibit 2) will be activated. The plan includes:

- Scope
- Chain of Command
- Continuity Procedure
- Functions and Tasks to be performed
- Equipment and Emergency Packets
- Disaster Assignment
- Off-site locations

Normal processes may be modified in response to an occurrence. However, the county's investment policy shall be strictly followed.

COUNTY OF MARIN

STATEMENT OF INVESTMENT POLICY

Dated: July 1, 2018

Roy Given
Director of Finance

Reviewed and monitored by Marin Treasury Oversight Committee on November 5, 2018

Approved by Marin County Board of Supervisors on December 4, 2018

Attachments:

Exhibit 1 Marin County Nuclear Freeze Ordinance

Exhibit 2 Disaster/Business Continuity Plan

Exhibit 3 Authorized Investor List

Exhibit 1

MARIN COUNTY NUCLEAR FREEZE ORDINANCE

23.12.030 Prohibition against nuclear weapons, materials, and county contracts and investments.

The county of Marin is declared to be a nuclear-free zone.

(a) No person shall knowingly engage in any activity within the county, the purpose of which is the applied research, development, production, transport, deployment, launching, testing, maintenance or storage of nuclear weapons or components of nuclear weapons. Nor shall any person store, use, transport, or dispose of special nuclear material or nuclear waste within the jurisdiction of the county.

(b) The transportation of nuclear weapons, their fissionable components, and weapons-related nuclear material and wastes through the county on roadways, waterways, or in airspace regulated by preemptive state or federal law, in the interest of public health and safety, is subject to the following restriction:

(1) As to roadways which are within the exclusive jurisdiction of the county, transportation of such materials is prohibited,

(2) As to roadways which are demonstrably within the jurisdiction of the state or federal government, the county board of supervisors shall post as a regular monthly notice, once each month, in a newspaper of general circulation within the county the fullest description possible of any shipment of such material that has occurred that previous month, transported through or across the county by any means of transportation whatsoever.

(c) The county, nor any agent thereof, shall not make any contract with, or investments in, any nuclear weapons contractor.

(d) The county board of supervisors shall adopt a "peace conversion plan," and shall, within ninety days of the enactment of this chapter, establish a county peace conversion commission of not less than three or more than five members, which shall be comprised of volunteers from the community. The purpose of said commission shall be to divest the county, as a government entity, within two years of the adoption of the ordinance codified in this chapter, of all such existing prohibited investments or contracts held by it. Said commission shall:

(1) Conduct studies of existing county contracts and public fund investments with nuclear weapons contractors, and determine in which cases any reasonable alternative contract or investment exists, in a manner consistent with prudent investment policy, and mindful of the intent and purpose of this chapter. The commission shall further make regular reports to the county board of supervisors concerning the progress of said divestiture, listing the book value of remaining investments in nuclear weapons contractors.

(2) Identify those businesses presently existing and operating in the county, and those who have made application to the county, who are nuclear weapons contractors. The commission will be responsible for conducting a timely phase-out of nuclear weapons contractors from the county, and for insuring the smooth conversion of Marin County businesses to alternative work that is more consistent with the public welfare. For this purpose the commission shall solicit testimony from the public.

(Ord. 2924 § 4, 1986)

23.12.040 Exclusions.

Nothing in this chapter shall be construed to prohibit:

(a) Any activity not specifically described in this chapter;

(b) Research in and application of nuclear medicine or other pure research unrelated to nuclear weapons;

(c) Beneficial or peaceful uses of the technology such as smoke detectors, light-emitting watches and clocks, and other consumer products; or

(d) Activities of the federal and state governments that are preempted by existing law.

(Ord. 2924 § 5, 1986)

23.12.050 Notice and enforcement.

(a) The county is directed to install and maintain appropriate signs to be displayed at each ferry terminal, at Gnoss Field Airport, and on all the major roads leading into the county, at or near the county line, including, but not limited to, the following:

(1) U. S. Highway 101 (both ends);
(2) State Highway 1 (both ends);
(3) State Highway 17;
(4) State Highway 37;
(5) Fallon-Two Rock Road;
(6) Tomales-Petaluma Road;
(7) Chileno Valley Road;
(8) Marshall-Petaluma Road;
(9) Point Reyes-Petaluma Road; identifying Marin as a nuclear-free zone and making reference to this chapter. Further, the county must notify the federal government and other appropriate authorities that this law has been enacted.

(b) Before any further public funds shall be invested by the county in the stock, securities or other obligations of any corporation or business entity, the county board of supervisors shall require that said corporation or business submit to the peace conversion commission an affidavit certifying that neither it, nor its parent company, affiliates or subsidiaries are nuclear weapons contractors.

(c) The county is directed to require of each city incorporated within Marin County that, in addition to any other information deemed necessary by its business license officer, that any application for a business license within a city in the county shall state whether or not said business is a nuclear weapons contractor.

(d) Each violation of this chapter shall be punishable by up to one-year imprisonment and/or a fine of up to five thousand dollars. Each day of violation shall be deemed a separate violation. Residents of Marin shall also have the right to enforce this chapter by appropriate civil actions for declaratory or injunctive relief. Reasonable attorneys' fees in enforcing this chapter shall be awarded as is appropriate.

(Ord. 2924 § 6, 1986)

Chapter 23.13 PEACE CONVERSION COMMISSION

Sections:

23.13.010 Findings.

Chapter 23.12 of this Code was enacted by the voters of the County of Marin by the initiative process. The County of Marin desires to establish procedures for hearings to be conducted by the peace conversion commission, in order to promote and enhance the purpose of chapter 23.12 while safeguarding the constitutional rights of individuals and organizations affected thereby.

(Ord. 2979 § 1, 1988: Ord. 2963 § 1 (part), 1987)

23.13.030 Review of purchases and investments.

The names of any company with which the county contracts, or in which the county treasurer invests, shall be provided to the peace conversion commission. If the commission, on the basis of its review of the names of such companies, determines by majority vote of the commissioners present that any of the companies may be deemed to be a nuclear weapons contractor, the commission shall send any such company a preliminary affidavit. The preliminary affidavit shall request information adequate for the peace conversion commission to determine whether the company is, at the time it completes the affidavit, per the criteria in Marin County's Nuclear Free Zone Law, a nuclear weapons contractor.

If the company does not provide a reply within forty-five days of the affidavit having been sent to it, or if the company does provide a reply which contains information that the commission determines, by majority vote of the commissioners, that the company is, pursuant to the criteria in Marin County's Nuclear Free Zone Law, a nuclear weapons contractor, then the commission shall provide all county departments which arrange contracts and investments with the name of that company. Thereafter, the county shall refrain from entering into any contracts with, or investments in, the companies deemed to be nuclear weapons contractors, except as otherwise provided in this chapter.

(Ord. 3368 § 1, 2003: Ord. 3205 § 1, 1994: Ord. 3194 § 1, 1994: Ord. 2979 § 3, 1988: Ord. 2963 § 1 (part), 1987)
(Ord. No. 3502, § I, 2008)

23.13.040 Affidavit required.

If county departments have been notified by the peace conversion commission to refrain from contracting with, or investing in, a company, in accordance with section 23.13.030 of this chapter, the county departments shall not thereafter do so without first procuring an affidavit from such company. The affidavit shall request information adequate for the peace conversion commission to determine whether the company is, pursuant to the criteria in Marin County's Nuclear Free Zone Law, at the time it completes the affidavit, a nuclear weapons contractor.

If the company does not provide a reply within forty-five days of the affidavit having been sent to it, or if the company does provide a reply which contains information that the commission determines, by majority vote of the commissioners, shows that the company is, pursuant to the criteria in Marin County's Nuclear Free Zone Law, a nuclear weapons contractor, the county shall not, except as provided for in this chapter arrange to contract with, or invest in that company. (Ord. 3368 § 2, 2003: Ord. 3290 § 1, 1999: Ord. 3194 § 2, 1994: Ord. 2979 § 4, 1988: Ord. 2963 § 1 (part), 1987)
(Ord. No. 3502, § II, 2008)

23.13.050 Alternative products and exceptions.

(a) Alternative products. If the commission finds that a company is a nuclear weapons contractor, or if the company does not return the prescribed affidavit, but the county desires to proceed with the contract or investment, the county shall request the peace conversion commission to determine whether a reasonable alternative to the proposed product, service or investment is available from a company that has not been deemed to be a nuclear weapons contractor. If the commission determines that no reasonable alternative is available, it will, within twenty days notify the county that it may enter into the contract or investment requested. If the commission does not, within twenty days, act on a department's request, the transaction may be completed. If the commission identifies what it considers to be a reasonable alternative product, service or investment, which is available from a nonnuclear weapons entity, and if such an alternative is also considered reasonable by the county involved, the county shall carry out the transaction with the entity not deemed to be a nuclear weapons contractor. If the county department involved does not consider the product, service or investment provided by the commission-recommended, nonnuclear weapons entity to be a reasonable alternative to that provided by the company deemed to be a nuclear weapons contractor, the county may appeal to the board of supervisors. The decision of the board of supervisors shall be final.

(b) Urgency situations. In the event that a county department considers the need to arrange a transaction to be too urgent to wait for a regularly scheduled meeting of the peace conversion commission, the department may contact the chair or vice chair of the peace conversion commission to request immediate permission to complete a transaction. Under appropriate circumstances of urgency, the chair or vice chair may grant such permission. All such urgency grantings will be reported to the commission at its next regular meeting.

(c) If a contract is required by state or federal law to be let by competitive bidding to the lowest responsive bidder, such contract shall be deemed to have no reasonable alternative without the necessity of applying to the commission for permission to enter into the contract.
(Ord. 3368 § 3, 2003: Ord. 3290 § 2, 1999: Ord. 2963 § 1 (part), 1987)

23.13.060 Designation of nuclear weapons contractors.

All affidavits shall be filed with the peace conversion commission immediately upon receipt, along with a complete description of the transaction. If the commission, or its designated representative, believes that, notwithstanding execution of the affidavit, a contractor, vendor, corporation or business entity is a nuclear weapons contractor, the commission shall, within fifteen working days following receipt of the affidavit or affidavits, notify the director of purchasing or the county treasurer that it challenges the affidavit or affidavits. The notice shall specify the facts and evidence upon which the commission's challenge is premised. The director of purchasing, the county treasurer or the contractor, vendor, corporation or business entity may, within ten days of the notification, request in writing, a hearing before the commission. If a hearing is not requested, the commission's challenge shall be deemed justified and the transaction may not be completed or continued. Failure to request a hearing for any particular transaction shall not be deemed a waiver of the right to request a hearing with respect to any other transaction.
(Ord. 3194 § 3, 1994: Ord. 2979 § 5, 1988: Ord. 2963 § 1 (part), 1987)

23.13.070 Hearing.

The commission shall, upon receipt of a request for hearing, schedule the hearing not later than ten working days thereafter. The party who requests the hearing shall be entitled, as a matter of right, to a continuance of not more than ten working days to allow the party to investigate the commission's data and procure witnesses.

The hearing shall be public and shall be conducted before the commission or a committee thereof, as determined by the commission.

The presiding officer of the commission shall conduct the hearing and determine all questions of evidence and procedure. The hearing shall be conducted and evidence received and considered in accordance with the provisions of Government Code, Sections 11513 and 11514, insofar as they are applicable. The commission shall have the burden of proof and the burden of going forward with evidence.

Within three days following the conclusion of the hearing, the commission shall render a decision and set forth the basis for its decision in writing.

Any person aggrieved by a decision of the commission may appeal its decision to the board of supervisors by filing a written appeal with the clerk of the board within ten working days from the date of rendition of the commission's decision. The board of supervisors shall consider the matter de novo, and its decision shall be final.
(Ord. 2963 § 1 (part), 1987)

23.13.080 Emergencies.

The provisions of this chapter shall not apply to contracts which involve essential products during an emergency which poses an immediate threat to life, public safety or property.
(Ord. 2979 § 6, 1988: Ord. 2963 § 1 (part), 1987)

Exhibit 2

COUNTY OF MARIN

DEPARTMENT OF FINANCE
DISASTER RECOVERY/BUSINESS CONTINUITY PLAN
BANKING AND INVESTMENT FUNCTIONS

Scope

The County of Marin's banking and investment functions are mission critical. As such, the Treasurer's office must have a Disaster/Business Continuity Plan in place. In the event we are unable to operate from our office, the plan shall be activated. Periodically, the plan shall be tested.

The plan's goal is to protect and account for all funds on deposit with the county and to be able to continue our banking and investment functions for all participants in the event of occurrence (earthquake, fire, pandemic, or other event) which disrupts normal operations.

Chain of Command

The chain of command shall be in the order of "authorized persons" as identified in the Statement of Investment Policy, item 3.

Continuity Procedure

In the event we are unable to conduct normal business operations, the authorized persons shall interact with one another by home phone, email or cell to decide on the alternate location. If unable to contact one another, the authorized persons shall through the county's office of emergency services establish contact with one another.

Functions & Tasks to be Performed

Recognizing we may be operating in less than optimal conditions, the primary functions are to protect and continue to account for all funds on deposit with the county. While normal processes may be modified, the investment policy shall be strictly followed.

Tasks to be performed include:

- Daily cash work up

- Investment of maturing securities and any daily deposits after making an allowance for checks/wires expected to clear

- Daily cash and bank reconciliation

- For deposits, the treasurer's office will notify county departments, special districts and schools of any changes to their deposit location. Deposits to any account other than those established by the treasurer's office are prohibited.

- Disbursement activity will be coordinated with the County Director of Finance

Equipment and Emergency Packets

The Authorized Investor List shall designate authorized staff to have the following equipment such that either of them may carry out the plan. In the event none of the authorized persons are able to respond, the county's office of Emergency Services shall have a copy of this plan in a secured location within their office. All policies and procedures of this plan shall be provided to the County Administrator and County Director of Finance.

The following equipment and items for the emergency packets are:

- Laptop with wi-fi connectivity
- All software that is currently in use shall be loaded on each laptop and be set up for remote access.
- Copy of the Investment Policy and the Disaster/Continuity Recovery Plan
- Updated monthly report of investments
- Sign on instructions to access the county's financial accounting system, online banking and securities safekeeping
- Listing of the home phones and addresses, cell, email addresses of the "authorized persons" and treasury staff. Listings shall also include the County Administrator, County Director of Finance, County Counsel and the Office of Emergency Services.
- Bank, Authorized Broker/Dealers, Bloomberg and Security Safekeeping names, contact numbers including fax and addresses
- All district, county and school bank signature cards
- Contact names, numbers, email and addresses of each agency whose funds are held within the county.
- Emergency check stock will be housed in the Office of Emergency Services located at 1600 Los Gamos Drive (50 checks)*

Disaster Assignment

The "authorized persons" in the treasurer's office including support staff are to be considered official Disaster workers and are assigned to support our Disaster/Business Recovery Plan. Each shall have on their possession their County of Marin Identification Card.

The level of disruption and assigned work location will be determined by the Director of Finance, or those individuals indicated on the Authorized Investor List. All related costs shall be absorbed by the Treasurer's office and reimbursed pursuant to Government section 27013.

In all cases, the safety of treasury personnel is paramount. In no event should our alternate location or alternate procedure be employed if doing such would put an individual in danger.

* Emergency checks are issued from a separate account which is linked to the County's main account. These checks are to be used only if this plan is activated and the county is unable to issue payments. Authorized signers for these checks are designated on the Deposit Account Documentation Signature Card and include the Director of Finance, those individuals authorized under the Authorized Investor List and the County Administrator. In the event that check stock cannot be accessed, electronic payments through the County's banking services can be originated.

Failing the ability to operate from our office, our operations will move in this order of priority:

- Location determined by the County Office of Emergency Services or County Administrator
- A bank operation center as authorized by our Global Banking Client Manager (which may be reside outside the County Marin)

Exhibit 3

TREASURER

DIVISION OF THE DEPARTMENT OF FINANCE

COUNTY OF MARIN

AUTHORIZED INVESTOR LIST
COUNTY OF MARIN

FY 2018-2019

Effective: Oct 1, 2018

Investment Purposes:

1. To make investment decisions
2. To recommend brokers
3. To perform a review of the investment function

Authorized Persons:

Authorized to make investment decisions for with a maturity of up to five years:

- Roy Given * Director of Finance

Authorized to make investment decisions for *with a maturity of up to three years:*

- Karen Shaw * Division Chief, Finance
- Mina Martinovich Assistant Director of Finance

Authorized to make investment decisions for *short term investments with a maturity of up to six months (180) days:*

- Sandra Arebalo * Senior Accountant –Treasury

Authorized to make investment decisions for *short term investments with a maturity of up to ninety (90) days:*

- Anu Bagchi Division Chief, Accounting

**Authorized for equipment and emergency packets as defined under the Disaster/Business Continuity Plan*

Approved:

Roy Given 10/30/18

Roy Given Date

Director of Finance

MARIN COUNTY LONG-TERM INVESTMENT POOL

STATEMENT OF INVESTMENT POLICY

COUNTY OF MARIN

Department of Finance
Roy Given, Director

Fiscal Year 2018-2019

COUNTY OF MARIN

LONG-TERM INVESTMENT POOL

STATEMENT OF INVESTMENT POLICY

TABLE OF CONTENTS

COUNTY OF MARIN

LONG-TERM INVESTMENT POOL

STATEMENT OF INVESTMENT POLICY

Under the authority delegated to the Director of Finance by the Board of Supervisors and in accordance with the California Government Code, the following sets forth the investment policy of the County of Marin Long-Term Investment Pool:

I. OBJECTIVES:

All funds on deposit in the Marin County Long-Term Investment Pool shall be invested in accordance with the California Government Code Sections 53600 et seq. and Sections 53639 et seq. to ensure:

(a) **Preservation of capital** through high quality investments and by continually evaluating the credit of financial institutions approved for investment transactions, and securities considered and held in safekeeping;

(b) Maintenance of sufficient **liquidity** to enable the participants and other depositors to meet their operating requirements that may be reasonably anticipated; and

(c) Attaining a market **rate of return** throughout budgetary and economic cycles, consistent with the above objectives.

2. PARTICIPANT

The participant in the Marin County Long-Term Investment Pool is the Marin County General Fund.

3. AUTHORIZED PERSONS

Authorized persons for investment purposes include principal staff as designated by the Director of Finance on the Authorized Investor List. Designated Principal Staff shall make all investment decisions. To minimize the risk of disrupting the day-to-day business activities, Principal Staff shall use separate means of travel to attend training and conferences.

All investment decisions shall be made with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting, as a trustee, in a like capacity and familiarity 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 participant.

4. INVESTMENTS

Prior to investing pursuant to this policy the persons authorized to make investments shall assess the market and market pricing information obtained from available sources and the media. Investments shall be evaluated considering preservation of capital as the most important factor, liquidity as the second most important factor, and thirdly, yield. Any investment selected shall be that investment which in the opinion of the purchaser most clearly meets these objectives. All transactions shall be documented at the time the transaction is consummated.

5. TERM

Pursuant to California Government Code Section 53601, where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment. The approval of this Long Term Investment Policy on an annual basis by the Legislative Board (Marin County Board of Supervisors) authorizes investments of no more than 10 years for bonds, notes, warrants, or other evidences of indebtedness of a local agency within the County of Marin, including bonds or notes payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the County, or by a department, board, agency, or authority of the County.

6. ALLOWED INVESTMENTS

Pursuant to California Government Code Sections 53601 et seq. and 53635 et seq., the County Director of Finance may directly purchase the following, subject to the limitations as set forth:

> **Bonds, Notes, Warrants** or other evidence of indebtedness of a **local agency** within the County of Marin, California.

The interest rate of any indebtedness pursuant to the preceding paragraph shall be based on the key rate of Prime plus 1 percent as determined by Bloomberg on the date the Department of Finance approves the purchase of the indebtedness.

7. APPORTIONMENT OF INTEREST & COSTS

Interest shall be apportioned to the General Fund annually based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. The amount of interest apportioned shall be determined using the cash method of accounting, whereby interest will be apportioned for the year in which it was actually received. The Director of Finance shall deduct from the gross interest received those actual administrative costs relating to the management of the treasury including salaries and other compensation, banking costs, equipment purchased, supplies, costs of information services, audits and any other costs as provided by Section 27013 of the Government Code.

8. CONFLICT OF INTEREST

The Director of Finance and County employees working in the Treasurer's office shall not accept honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other person with whom the County Treasury conducts business, that are in violation of *state* law.

9. AUDITS

The County of Marin investment portfolio, which includes both the County of Marin investment pool and the Long-Term investment pool, shall be subject to a process of independent review by the County's external auditors. Such audit will include tests deemed appropriate by the auditor pursuant to Government Code Section 27134. The results of the audit shall be reported annually to the Director of Finance and the Board of Supervisors.

10. REVIEW

The Director of Finance and designated staff will perform a monthly review of the investment function.

11. REPORTS

The Director of Finance shall prepare an annual report, listing all investments in the County Pool as of the last day of the fiscal year and a report of the average days to maturity and yield of investments in the County of Marin Long Term Investment Pool.

12. INVESTMENT POLICY

The Director of Finance shall prepare and submit an annual statement of investment policy to the Board of Supervisors.

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

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 or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

General

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

DTC, the world's largest 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 and www.dtc.org. *The foregoing internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect

Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest 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 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.

DTC may discontinue providing its services as depository with respect to the Bonds 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, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered.

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.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in St. Paul, Minnesota. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in St. Paul, Minnesota, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.