PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 23, 2019

NEW ISSUE – BOOK-ENTRY ONLY

RATING: Moody's: "Aa3"
(See "RATING" herein.)

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the District described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS" herein regarding certain other tax considerations.

$22,000,000[*]
BAKERSFIELD CITY SCHOOL DISTRICT
(Kern County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2016, 2020 SERIES B

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

The above-captioned bonds (the "Bonds") offered hereunder by Bakersfield City School District (the "District") are issued for the purposes of (i) acquiring, constructing, furnishing and equipping certain District facilities, and (ii) paying the related costs of issuance of the Bonds, as more fully described under the caption "PLAN OF FINANCE" herein.

The Bonds were authorized at a bond election conducted in the District on November 8, 2016 (the "2016 Election") at which more than 55% of the voters within the District voting on the measure voted to approve the issuance by the District of $110,000,000 aggregate principal amount of its general obligation bonds (the "2016 Authorization"). The Bonds are the second series of bonds issued pursuant to the 2016 Authorization and, following the issuance thereof, $66,000,000[*] of authorization under the 2016 Election will remain. The Bonds are issued on a parity with all other general obligation bonds of the District, including general obligation bonds issued pursuant to previous authorizations.

The Bonds are dated their date of delivery. The Bonds will mature on the dates and in the amounts and bear interest at the rates shown on the inside cover hereof, will be issued in denominations of $5,000 principal amount or integral multiples thereof, and are payable as to principal amount or redemption price at the office of Zions Bancorporation, National Association, as Paying Agent for the Bonds (the "Paying Agent"). Interest on the Bonds is payable on May 1 and November 1 of each year, commencing on May 1, 2020. See "THE BONDS" herein.

The Bonds are issued in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds as described herein under the caption "THE BONDS – Book-Entry Only System" and in APPENDIX E – "THE BOOK-ENTRY-ONLY SYSTEM."

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

The Bonds are general obligations of the District only and are not obligations of the County of Kern, the State of California or any of its other political subdivisions. The Board of Supervisors of the County of Kern has the power and is obligated to levy and collect *ad valorem* property taxes 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, premium, if any, and interest on each Bond as the same becomes due and payable.

The District may apply to municipal bond insurers to obtain a municipal bond insurance policy (the "Policy") which would guarantee the scheduled payment of the principal of and interest on all or a portion of the Bonds. The purchaser of the Bonds will decide at or about the time of the pricing of the Bonds whether or not to purchase a Policy and which maturities of the Bonds, if any, to insure. No assurance can be given as to whether a commitment for a Policy will be obtained, and, if a Policy is obtained, whether such Policy will cover all or less than all of the Bonds.

MATURITY SCHEDULE
On Inside Cover

The Bonds are being sold pursuant to competitive bid, as set forth in the Official Notice of Sale of the District, a copy of which is appended hereto as APPENDIX F – "NOTICE OF SALE" (the "Notice of Sale"). Prospective purchasers of the Bonds are directed to the terms of the Notice of Sale respecting the process for submission of qualifying bids, the required terms of the Bonds, the manner of award and other matters. The Bonds may be subject to redemption as specified in the Notice of Sale. Bidders for the purchase of the Bonds may specify a requirement for the purchase of municipal bond insurance as a part of their proposals.

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 Original Purchaser (as defined herein) subject to the approval of legality by Nixon Peabody LLP, San Francisco, California, Bond Counsel, and certain other conditions. Nixon Peabody LLP is acting as Disclosure Counsel for the issue. It is anticipated that the Bonds will be available for delivery in definitive form through the facilities of DTC on or about January 23, 2020.

Dated: January __, 2020

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[*] Preliminary, subject to change.

MATURITY SCHEDULE

$22,000,000*
BAKERSFIELD CITY SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds, Election of 2016, 2020 Series B
Base CUSIP†: 057507

Maturity (November 1)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix

$_______, _____% Term Bonds Maturing November 1, 20____, Yield: _____%; CUSIP No.† 057507_____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Original Purchaser and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the District nor the Original Purchaser is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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. No dealer, broker, salesperson or other person has been authorized by 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 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 set forth herein, other than that provided by the District, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District.

The information and expressions of 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 Kern (the "County"), the County has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Preliminary Official Statement constitutes an official statement of the District that has been deemed final by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

IN CONNECTION WITH THIS OFFERING, THE ORIGINAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME. THE ORIGINAL PURCHASER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE ORIGINAL PURCHASER.

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.

Statements included or incorporated by reference in the following information 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 (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). Such statements are generally identifiable by the terminology used such as "plan," "project," "expect," "estimate," "budget" or other similar words. The achievement of results or other expectations contained in forward looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Actual results may differ from the District's forecasts. The District is not obligated and does not plan to issue any updates or revisions to the forward looking statements in any event.

The District maintains a website and a social media presence. However, the information presented thereon is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

BAKERSFIELD CITY SCHOOL DISTRICT
Kern County, State of California

Board of Education

Ralph Anthony, President
Pam Baugher, President Pro Tem
Lillian Tafoya, Clerk
Dr. Fred Haynes, Clerk Pro Tem
Vacant, Member

District Administrators

Doc Ervin, Superintendent
Mark Luque, Deputy Superintendent*
Sherry Gladin, Interim Assistant Superintendent, Business Services

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Nixon Peabody LLP
San Francisco, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Paying Agent

Zions Bancorporation, National Association
Los Angeles, California

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* Effective January 1, 2020.

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$22,000,000*
BAKERSFIELD CITY SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds, Election of 2016, 2020 Series B

INTRODUCTION

General

The Bakersfield City School District (the "District"), a school district of the State of California (the "State") proposes to issue $22,000,000* aggregate principal amount of its General Obligation Bonds, Election of 2016, 2020 Series B (the "Bonds"), pursuant to the provisions of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended, (ii) applicable provisions of the Education Code of the State of California, as amended, (iii) Article XIIIA of the California Constitution (collectively, the "Act"), and (iv) pursuant to a resolution adopted by the Board of Education of the District on December 17, 2019 (the "Resolution") and bond authorization for the issuance and sale of not more than $110,000,000 of general obligation bonds (the "2016 Authorization") approved by more than 55% of the voters of the District voting at an election held on November 8, 2016 (the "2016 Election").

The Bonds are the first issue under the 2016 Authorization, after which $66,000,000* will remain for issuance of subsequent series of the District's general obligation bonds under the 2016 Authorization. All general obligation bonds issued by or on behalf of the District are or will be issued on a parity with the Bonds. See the caption "– Proposition 39" under the heading "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT, SECURED BY AND PAYABLE FROM *AD VALOREM* PROPERTY TAXES ASSESSED ON TAXABLE PROPERTIES WITHIN THE DISTRICT, WITHOUT LIMITATION AS TO RATE OR AMOUNT. THE BONDS ARE NOT AN OBLIGATION OF THE GENERAL FUND OF THE DISTRICT OR OF THE COUNTY OF KERN (THE "COUNTY"). SEE "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" HEREIN.

Proceeds from the sale of the Bonds will be applied to (i) the acquisition, construction, furnishing and equipping of certain District facilities included on the project list approved by the voters at the 2016 Election (the "Projects"), and (ii) the payment of costs of issuance of the Bonds. See "PLAN OF FINANCE."

The District

The District was established in 1882 and is located in the southern San Joaquin Valley in the County of Kern (the "County"). The District encompasses approximately 158 square miles and serves approximately 30,782 students. The District currently operates 33 elementary schools, 9 middle schools and junior high schools, one community day school and two alternative sites for special education. See APPENDIX A – "THE DISTRICT."

The District has certain existing lease financing obligations and other general obligation bonds as set forth in APPENDIX A and under the caption "SECURITY AND SOURCES OF PAYMENT FOR

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* Preliminary, subject to change.

THE BONDS" and direct and overlapping bonded indebtedness as set forth under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Direct and Overlapping Debt." The District's audited financial statements for fiscal year 2018-19 are attached hereto as APPENDIX C. For further information concerning the District, see APPENDIX A – "THE DISTRICT."

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Bonds. See "THE BONDS – Book-Entry-Only System" herein and APPENDIX E – "BOOK-ENTRY-ONLY SYSTEM" hereto. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners," or "Holders" of the Bonds (other than under the caption "TAX MATTERS" will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount, or any integral multiple thereof.

Redemption. The Bonds are subject to redemption prior to their stated maturity as further described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption"

Payments. The Bonds will be dated as of their initial date of delivery (the "Date of Delivery"), and interest on the Bonds will accrue from the Date of Delivery, and is payable semiannually on each May 1 and November 1 of each year (each, an "Interest Payment Date"), commencing May 1, 2020. Principal of the Bonds is payable on November 1 of each year, as shown on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by Zions Bancorporation, National Association, Paying Agent for the Bonds (the "Paying Agent") to DTC for subsequent distribution through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds.

Bond Owner's Risks

The Bonds are general obligations of the District, payable from *ad valorem* property taxes which may be levied upon all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding taxation of property within the District, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Certificate relating to the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in compliance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission. The specific nature of the information to be made available and of the notices of listed events is summarized under "LEGAL MATTERS – Continuing Disclosure" herein and in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

Professionals Involved in the Offering

Nixon Peabody LLP is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Nixon Peabody LLP will receive compensation from the District contingent upon the sale and delivery of the Bonds. Fieldman, Rolapp & Associates, Inc., Irvine, California, is acting as Municipal Advisor to the District with respect to 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," "intend," "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 FROM 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.

THE BONDS

Authority for Issuance and Security for the Bonds

The Bonds are general obligations of the District. The Bonds are being issued by the District under the provisions of the Act and pursuant to the Resolution.

Purpose of Issue

The District submitted a project list to the voters at the 2016 Election (the "Project List"), specifying the Projects from which a number of components will be financed with the proceeds of the Bonds. Details regarding the Project List and the proposed components to be financed are set forth under the caption "PLAN OF FINANCE" herein.

A portion of the net proceeds of sale of the Bonds, after payment of costs of issuance, shall be deposited into the Debt Service Fund and Building Fund of the District and applied to the costs of certain of the Projects pursuant to the Resolution. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds. Moneys in the Debt Service Fund are expected to be invested through the Kern County Treasury Pool. See "THE KERN COUNTY TREASURY POOL" herein.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued in authorized denominations of $5,000 or any integral multiple thereof. The Bonds will be issued as current interest bonds with principal payable at the maturity dates of the Bonds or upon their earlier redemption.

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 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 (as defined herein) 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 of New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by the Paying Agent to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants ("DTC Participants") for subsequent disbursement to the Beneficial Owners. Payments of principal and premium, if any, for any Bonds shall be made only upon the surrender of such Bonds to the Paying Agent. See APPENDIX E – "BOOK ENTRY ONLY SYSTEM" herein.

Payment of the Bonds

Interest on each Bond shall accrue from its dated date. Interest on the Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date, commencing May 1, 2020, to the registered owner (each, an "Owner") thereof as of the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (whether or not such day is a business day) (a "Record Date"). Interest on 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 thereon 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 thereon is in default, interest thereon 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 a bank account within the United States to any Owner of $1,000,000 aggregate principal amount 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 Bonds maturing on or before November 1, 2028 are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after November 1, 2029, may be redeemed before maturity, at the option of the District, from any source of

* Preliminary, subject to change.

available funds, in whole or in part on any date on or after November 1, 2028, at par, together with interest accrued thereon to the date of redemption, without premium. For purposes of such selection, the Bonds will be deemed to consist of $5,000 portions by principal amount, and any such portion may be separately redeemed.

Mandatory Sinking Fund Redemption*

The Bonds maturing on November 1, 20__, are subject to mandatory sinking fund redemption prior to their stated maturity in part (by lot) on any November 1 on or after November 1, 20__, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

Mandatory Sinking Fund Payment Date (November 1)	Mandatory Sinking Fund Payment
(1)	

(1) Maturity.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, by lot. Within a maturity, the Paying Agent shall select Bonds for redemption in such order as the District may direct, or in the absence of such direction, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; *provided, however*, that the portion of any 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 or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, shall give notice (each, a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of any Bond to be redeemed 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 assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest on such Bonds shall cease to accrue and be payable.

* Preliminary, subject to change.

The Paying Agent shall take the following actions with respect to each such Redemption Notice: (i) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register and to the Municipal Securities Rulemaking Board (or any other entity authorized by the Securities and Exchange Commission, the "MSRB"); (ii) in the event that the Bonds are no longer held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (1) first-class mail, postage prepaid, (2) telephonically confirmed facsimile transmission or, (c) overnight delivery service, to each of the Securities Depositories and the MSRB.

"Securities Depositories" means DTC and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a certificate of the County delivered to the Paying Agent.

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

Conditional Notice of Redemption

Any Redemption Notice may be made conditional upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Paying Agent, who shall notify the Owners of the affected Bonds and the Information Services.

Partial Redemption of Bonds

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

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Fund or deposited with a duly appointed escrow agent, in trust, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent, or deposited with a duly appointed escrow agent, in trust, 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 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. 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 equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) by paying or causing to be paid the principal of and premium, if any, and interest on such Bonds, and when the same become due and payable;

(b) by depositing with the Paying Agent, or with a duly appointed escrow agent, in trust, at or before maturity, cash which together with amounts then on deposit in the Debt Service Fund together with the interest to accrue thereon without the need for further investment, is fully sufficient to pay such Bonds on the redemption date or at maturity thereof, including any premium and all interest thereon; or

(c) by depositing with an escrow agent selected by the District in accordance with 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 permitted under Section 149(b) of the Code (defined below) and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the 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 such Bonds at maturity or earlier redemption thereof, for which notice has been given or provided for, including any premium and all interest thereon.

Notwithstanding that any Bonds called for defeasance have not been surrendered for payment, all obligations of the District and the Paying Agent with respect to all such designated outstanding Bonds will cease and terminate. However, the obligation of the Paying Agent to pay or cause to be paid all sums thereon, and the obligation of the District to pay the Paying Agent certain amounts due under the Resolution, shall not terminate.

Book-Entry-Only System

The Bonds will be issued under a book-entry system, evidencing ownership of the Bonds in principal amounts, of $5,000 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 E hereto.

PLAN OF FINANCE

The District intends to apply the net proceeds of sale of the Bonds to finance various capital improvements included on the Project List and to pay the costs of issuance of the Bonds. The Board of Education retains the ability to set priorities among listed Projects, in order to meet the needs of the District and its students.

The 2016 Election Project List includes, but it is not limited to, the following components:

- Repair, upgrade and replace worn-out leaking roofs,
- Replace and upgrade existing wiring systems or install new wiring systems to meet current electrical and accessibility codes,
- Add electrical service capacity to relieve currently overloaded electrical systems in older buildings,
- Replace existing water, sewer, plumbing and storm drain systems to conserve or reclaim water and meet current codes, including the elimination of lead-containing fixtures,
- Upgrade aging and deteriorating restrooms,
- Upgrade, renovate and equip classrooms, physical education facilities, science and other laboratories, playgrounds, libraries, auditoriums, gymnasiums, multipurpose rooms, and cafeterias,
- Construct new school facilities, including gymnasiums and playgrounds,
- Provide outdoor lunch shelters for students,
- Prepare and restore sites in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms,
- Address unforeseen conditions revealed by construction or modernization (e.g., plumbing or gas line breaks, dry rot, seismic, structural, asbestos, etc),
- Upgrade facilities to comply with Federal and State-mandated Americans with Disabilities Act handicap accessibility requirements,
- Install new security systems, such as security (surveillance) cameras, outdoor lighting, walkways and classroom and school door locks,
- Remove or abate asbestos, lead paint, mold and other hazardous materials from older buildings,
- Retrofit buildings for earthquake security,
- Upgrade emergency communication systems,
- Upgrade fire alarm systems, repair and replace fire safety equipment, add sprinklers and fire safety doors, as necessary,

- Replace/upgrade existing signage, bells and clocks,
- Install, replace, upgrade fencing and gates to improve school security,
- Repair, replace, renovate and upgrade deteriorated plumbing to ensure safe drinking water for students,
- Upgrade and replace physical education equipment and facilities to meet current safety standards,
- Install energy-efficient systems, including solar panels, energy-efficient heating, ventilation, air conditioning and cooling systems for cost savings and energy efficiency,
- Replace existing window systems with energy-efficient systems,
- Replace older ceilings, heating, ventilation, air conditioning and lighting systems with building code-compliant, energy-efficient systems,
- Update computer and science labs,
- Upgrade and expand wireless systems, telecommunications and internet access,
- Upgrade and replace hardware and software systems.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount	$
Net Original Issue Premium/Discount	
Total Sources	$
Uses of Funds	
Deposit to Building Fund	$
Deposit to Debt Service Fund	
Costs of Issuance(1)	
Total Uses	$

(1) Includes payment of Bond and Disclosure Counsel fees, Original Purchaser's discount, Municipal Advisor fees, Paying Agent fees, rating agency fees, bond insurance premium, if any, Preliminary Official Statement and Official Statement printing and other costs of issuance.

DEBT SERVICE SCHEDULE

The following table summarizes the debt service requirements for the Bonds and the other outstanding general obligation bonds of the District (the "Outstanding Bonds") assuming no optional redemption:

Year Ending November 1	Outstanding Bonds Debt Service[(1)]	The Bonds Principal Amount	The Bonds Interest	Total Debt Service
2020	$5,594,560.45	$	$	$
2021	5,732,869.00			
2022	5,872,291.50			
2023	5,535,656.85			
2024	5,666,444.65			
2025	5,855,802.60			
2026	6,013,693.55			
2027	5,888,872.10			
2028	6,037,475.75			
2029	6,179,811.60			
2030	6,139,375.75			
2031	6,280,030.70			
2032	6,365,516.00			
2033	7,954,652.00			
2034	6,470,140.00			
2035	6,673,252.50			
2036	6,925,396.25			
2037	7,135,996.25			
2038	7,380,065.00			
2039	7,647,355.00			
2040	6,814,755.00			
2041	7,057,625.00			
2042	7,303,170.00			
2043	7,557,115.00			
2044	7,821,835.00			
2045	8,097,022.50			
2046	8,380,065.00			
2047	7,098,402.50			
Total	$187,479,247.50	$	$	$

(1) Does not reflect subsidy payments payable on the 2012 Series B Qualified School Construction Bonds and 2015 Series E Qualified School Construction Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are general obligations of the District, and 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.

Subsequent to the issuance of the Bonds, $66,000,000* will remain for issuance of additional general obligation bonds under the 2016 Authorization. All general obligation bonds of the District are issued on a parity with one another.

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 LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

The State-reimbursed exemption currently provides a credit of $7,000 of the full 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.

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

Economic and other factors beyond the District's control, such as a decline in general economic conditions or a general market decline in land values, changes in supply and demand for real property in the area, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or other government regulations such as zoning, or the complete or partial destruction, or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, fire, flood, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the District's outstanding general obligation bonds, including the Bonds. See "– Effect of Natural Disasters on Assessed Valuations" herein.

For fiscal year 2019-20, the total assessed valuation of property within the District's boundaries is $10,157,928,407. Shown in the following tables are the assessed valuations of property in the District during the past four fiscal years and current fiscal year, the assessed valuation and parcels by land use of property in the District for the 2019-20 fiscal year, per parcel assessed valuation of single-family homes in the District for the 2019-20 fiscal year, the assessed valuation by jurisdiction for the 2019-20 fiscal year and the twenty largest secured taxpayers in the District for fiscal year 2019-20.

* Preliminary, subject to change.

BAKERSFIELD CITY SCHOOL DISTRICT
SUMMARY OF ASSESSED VALUATIONS
FISCAL YEARS 2015-16 THROUGH 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total
2015-16	$8,467,289,187	$3,980,431	$358,660,469	$8,829,930,087
2016-17	8,713,326,720	3,346,330	352,996,404	9,069,669,454
2017-18	9,075,376,175	3,342,623	336,790,922	9,415,509,720
2018-19	9,532,575,010	2,625,482	326,966,329	9,862,166,821
2019-20	9,830,295,917	2,695,228	324,937,262	10,157,928,407

Sources: California Municipal Statistics, Inc.

BAKERSFIELD CITY SCHOOL DISTRICT
2019-20 ASSESSED VALUATION AND PARCELS BY LAND USE

Non-Residential:	**2019-20 Assessed Valuation (1)**	**% of Total**	**No. of Parcels**	**Total**
Agricultural	$ 41,435,617	0.42%	300	0.53%
Commercial	1,051,136,092	10.69	3,211	5.62
Vacant Commercial	53,951,754	0.55	548	0.96
Professional/Office	649,308,979	6.61	999	1.75
Industrial	417,196,837	4.24	760	1.33
Vacant Industrial	50,022,137	0.51	440	0.77
Recreational	71,244,439	0.72	94	0.16
Government/Social/Institutional	126,317,037	1.28	1,654	2.90
Miscellaneous	126,156,659	1.28	212	0.37
Oil & Gas/Mineral Rights	310,930,964	3.16	133	0.23
Subtotal Non-Residential	$2,897,700,515	29.48%	8,351	14.63%
Residential:				
Single Family Residence	$5,424,609,873	55.18%	37,280	65.30%
Condominium/Townhouse	138,414,143	1.41	1,536	2.69
Mobile Home	29,843,173	0.30	2,019	3.54
Mobile Home Park	42,436,655	0.43	36	0.06
2-4 Residential Units	633,511,321	6.44	4,187	7.33
5+ Residential Units/Apartments	465,232,481	4.73	653	1.14
Miscellaneous Residential	38,197,181	0.39	309	0.54
Vacant Residential	160,350,575	1.63	2,715	4.76
Subtotal Residential	$6,932,595,402	70.52%	48,735	85.37%
Total	$9,830,295,917	100.00%	57,086	100.00%

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

BAKERSFIELD CITY 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	37,280	$5,424,609,873	$145,510	$123,076

2019-20 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	737	1.977%	1.977%	$13,380,076	0.247%	0.247%
$25,000 - $49,999	3,415	9.160	11.137	134,355,558	2.477	2.723
$50,000 - $74,999	4,878	13.085	24.222	305,191,749	5.626	8.349
$75,000 - $99,999	5,188	13.916	38.138	454,683,423	8.382	16.731
$100,000 - $124,999	4,802	12.881	51.019	538,684,279	9.930	26.662
$125,000 - $149,999	4,204	11.277	62.296	575,239,398	10.604	37.266
$150,000 - $174,999	3,357	9.005	71.301	542,758,975	10.005	47.271
$175,000 - $199,999	2,632	7.060	78.361	491,382,203	9.058	56.330
$200,000 - $224,999	1,964	5.268	83.629	416,320,740	7.675	64.005
$225,000 - $249,999	1,526	4.093	87.723	362,243,839	6.678	70.682
$250,000 - $274,999	1,268	3.401	91.124	332,135,786	6.123	76.805
$275,000 - $299,999	868	2.328	93.452	248,978,873	4.590	81.395
$300,000 - $324,999	637	1.709	95.161	198,365,590	3.657	85.052
$325,000 - $349,999	426	1.143	96.304	143,468,085	2.645	87.696
$350,000 - $374,999	310	0.832	97.135	112,133,905	2.067	89.764
$375,000 - $399,999	217	0.582	97.717	83,811,647	1.545	91.309
$400,000 - $424,999	167	0.448	98.165	68,677,576	1.266	92.575
$425,000 - $449,999	123	0.330	98.495	53,710,976	0.990	93.565
$450,000 - $474,999	98	0.263	98.758	45,156,827	0.832	94.397
$475,000 - $499,999	62	0.166	98.924	30,117,139	0.555	94.952
$500,000 and greater	401	1.076	100.000	273,813,229	5.048	100.000
Total	37,280	100.000%		$5,424,609,873	100.000%	

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

BAKERSFIELD CITY SCHOOL DISTRICT
2019-20 ASSESSED VALUATION BY JURISDICTION[(1)]

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Bakersfield	$7,358,019,855	72.44%	$31,249,303,949	23.55%
Unincorporated Kern County	2,799,908,552	27.56	54,527,229,837	5.13
Total District	$10,157,928,407	100.00%		
Kern County	$10,157,928,407	100.00%	$95,585,295,862	10.63%

(1) Before deduction of redevelopment incremental valuation.
Source: California Municipal Statistics, Inc.

BAKERSFIELD CITY SCHOOL DISTRICT
2019-20 LARGEST LOCAL SECURED TAXPAYERS

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total[(1)]
1.	Chevron USA Inc.	Oil & Gas Production	$150,886,498	1.53%
2.	California Water Service Company	Water Company	126,603,577	1.29
3.	MacPherson Oil Co.	Oil & Gas Production	123,358,315	1.25
4.	FM Baker LLC	Office Building	36,122,578	0.37
5.	Excel Realty Partners LP	Shopping Center	32,275,197	0.33
6.	Kaiser Foundation Health Plan Inc.	Office Building	31,444,459	0.32
7.	Naftex Section 27 Partners LP	Oil & Gas Production	27,814,134	0.28
8.	Bakersfield Convention Hotel I LLC	Hotel	26,300,539	0.27
9.	Lee Development LLC	Office Building	25,922,144	0.26
10.	Rio Bravo Medical Campus LLC	Office Building	24,169,640	0.25
11.	Baker Cal Venture LP	Office Building	21,180,000	0.22
12.	Maya Bakersfield Cinemas LLC	Movie Theater	19,941,062	0.20
13.	Peter P. Bollinger 2003 LLC	Shopping Center	18,536,010	0.19
14.	Nickel Family LLC	Agricultural	18,218,281	0.19
15.	Memorial Medical Plaza LLC	Office Building	17,991,958	0.18
16.	Danari Bakersfield LLC	Office Building	17,665,279	0.18
17.	Shadow Ridge Apartments LLC	Apartments	16,953,465	0.17
18.	Wal Mart Real Estate Business Trust	Commercial	16,722,422	0.17
19.	Catalina Barber Corp.	Industrial	16,633,777	0.17
20.	Erwin LLC	Office Building	15,955,860	0.16
			$784,695,195	7.98%

(1) 2019-20 Local Secured Assessed Valuation: $9,830,295,917.
Source: California Municipal Statistics, Inc.

Effect of Natural Disaster on Assessed Valuations

As referenced under "– Assessed Valuations" herein, assessed valuations are subject to change in each year and such changes may result from a variety of factors, including natural disasters. In recent years, there have been several notable natural disasters in the State. These include drought conditions throughout the State, which led to a "State-wide Drought" State of Emergency issued in January 2014, and certain executive orders issued by the Governor in 2015 and 2016, aiming to reduce the water usage in local communities. The State-wide Drought was declared as ended in 2017 in most of the State due to record-level precipitation in late 2016 and early 2017. In addition, major wildfires have occurred in recent years in different regions of the State. The District did not sustain any property loss as a result of these recent fires. However, serious and significant property damage has resulted in areas of the State due to wildfires. On September 21, 2018, the Governor signed a number of measures into law, addressing issues related to increased wildfire risk in the State, including forest management, mutual aid for fire departments, emergency alerts and safety mandates.

On August 27, 2018, the California Natural Resources Agency released its Fourth Climate Change Assessment, which included as key findings that the frequency of drought and the amount of acreage consumed by wildfire in the State would both increase in the future. This report details significant economic impacts to the State as a result of these and other natural disasters. The report is publicly available at http://www.climateassessment.ca.gov. The reference to this website is included for convenience only; the information contained within the website may not be current, has not been reviewed by the District and is not incorporated herein by this reference.

The District cannot predict or make any representation regarding the effects that natural disasters, such as fire, drought or extended drought conditions, earthquakes or other natural or man-made conditions have or may have on the value of taxable property within the District, or to what extent the effects of such natural disasters might have on economic activity within the District or throughout the State. See below under the heading "– Appeals and Potential Reduction of Assessed Valuations."

Appeals of Assessed Value; Proposition 8 Reductions

A property owner may appeal a county assessor's determination of assessed value based on Proposition 8, passed by the voters in November 1978 ("Proposition 8"), or based on a challenge to the base year value.

Proposition 8 requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Property owners may apply for a Proposition 8 reduction of their property tax assessment with the County board of equalization or assessment appeals board. In most cases, an appeal is based on the property owner's belief that market conditions cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the county assessor.

Any reduction in the assessed value granted as a result of a Proposition 8 appeal, or unilateral reassessment by the county assessor, applies to the year for which the application or reassessment is made. These reductions are subject to annual review and the assessed values are adjusted back to the original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it becomes subject to the annual inflationary factor growth rate allowed under Article XIIIA.

Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is made and 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 change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters, such as earthquakes, floods, fire, drought or other toxic contamination pursuant to relevant provisions of the State

Constitution. Such reductions are subject to yearly reappraisals by the County Assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under the State Constitution.

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers. Any reduction in aggregate assessed valuation of property within the District due to appeals, as with any reduction in assessed valuation due to other causes, will result in an increase of the tax rate levied upon all property subject to taxation within the District for the payment of principal of and interest on the Bonds, when due.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Ad Valorem Property Taxes, Tax Rates, Levies, Collections and Delinquencies

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 State assessed 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, then a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption 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 Treasurer and Tax Collector of the County (the "Treasurer").

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. 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 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.

The County levies and collects all property taxes for property falling within its taxing boundaries.

Tax Charges and Delinquencies

The County's secured roll tax charges and corresponding delinquencies with respect to property located in the District for the five-year period from fiscal years 2014-15 through 2018-19 are set forth in the following tables.

BAKERSFIELD CITY SCHOOL DISTRICT
SECURED TAX CHARGES AND DELINQUENCIES
FISCAL YEARS 2014-15 THROUGH 2018-19

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent June 30	% Delinquent June 30
2014-15	$ 1,774,839.84	$ 36,709.88	2.07%
2015-16	3,109,382.87	65,752.23	2.11
2016-17	2,149,345.88	45,423.98	2.11
2017-18	5,190,448.98	108,746.94	2.10
2018-19	5,023,969.10	108,377.85	2.16

Fiscal Year	Secured Tax Charge[2]	Amount Delinquent June 30	% Delinquent June 30
2014-15	$ 16,739,685.55	$ 213,930.20	1.28%
2015-16	16,851,465.85	212,003.41	1.26
2016-17	17,498,176.33	239,331.46	1.37
2017-18	18,200,924.20	216,483.65	1.19
2018-19	19,046,632.39	242,174.11	1.27

(1) Bond debt service levy.
(2) 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

Teeter Plan

The County has adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing with Section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end. Under the Teeter Plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and, by such financing, its general fund receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. In addition, the County's general fund benefits from future collections of penalties and interest on all delinquent taxes collected on behalf of participants in this alternative method of apportionment.

Upon adopting the Teeter Plan, the County was required to distribute to participating local agencies 95% of the then-accumulated, secured roll property tax delinquencies and to place the remaining 5% in a tax losses reserve fund. Taxing entities that maintain funds in the County Treasury are all included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. Since the District maintains funds in the County Treasury, the District is included in the Teeter Plan.

The Teeter Plan 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 County Board of Supervisors shall receive a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. In the event that the Teeter Plan was terminated, receipt of revenue of *ad valorem* taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District. The District knows of no consideration by the County to discontinue the Teeter Plan.

Tax Rates

The following table sets forth typical tax rates levied in Tax Rate Area (1-001) for fiscal years 2015-16 through 2019-20.

BAKERSFIELD CITY SCHOOL DISTRICT
TYPICAL TOTAL TAX RATES (TRA 1-001)

2019-20 Assessed Valuation: $1,434,867,320

	2015-16	**2016-17**	**2017-18**	**2018-19**	**2019-20**
1% General Fund Levy	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Kern County Water Agency	.053705	.058505	.078509	.070662	.081159
Bakersfield City School District	.033935	.020379	.052231	.044857	.039897
Kern High School District	.032389	.025969	.053319	.051182	.053189
Kern Community College District SFID No. 1	-	-	.021837	.021330	.018785
Kern Community College District SRID	.013571	.013180	.014412	.012338	.014243
Total All Property	1.133600%	1.118033%	1.220308%	1.200369%	1.207273%

Source: California Municipal Statistics, Inc.

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Certain Existing Obligations

District voters authorized the District to issue $100,000,000 in general obligation bonds at an election held on November 7, 2006 (the "2006 Authorization"). Currently, $17,193,381 of authorized but unissued general obligations remain under the 2006 Authorization. District voters authorized the District to issue $110,000,000 in the 2016 Authorization. In 2017, the District issued $22,000,000 aggregate principal amount of its General Obligation Bonds, Election of 2016, 2017 Series A under the 2016 Authorization. All general obligation bonds of the District are issued on parity with one another and with the Bonds.

A schedule of the District's changes in long-term debt for the year ended June 30, 2019, is shown below.

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
General obligation bonds	$101,166,854	$1,333,536	$4,225,000	$98,275,390
Bond premiums	5,014,535	-	1,265,000	3,749,475
Bond discounts	(806,744)	-	(51,800)	(754,944)
Capital lease	-	211,167	70,389	140,778
Compensated absences	1,409,236	1,720,397	740,708	2,388,925
Other postemployment benefits	143,299,110	-	2,793,311	140,505,799
Totals	$250,082,991	$3,265,100	$9,042,668	$244,305,423

Source: The District.

Direct and Overlapping Debt

Numerous local agencies which 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 is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc., dated November 8, 2019 and showing debt as of November 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

Column 1 in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in Column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

BAKERSFIELD CITY SCHOOL DISTRICT
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

2019-20 Assessed Valuation: $10,157,928,407

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 11/1/19
Kern Community College District School Facilities Improvement District	10.955%	$ 8,263,357
Kern Community College District Safety, Repair and Improvement District	11.022	12,987,893
Kern High School District	17.202	46,987,471
Bakersfield City School District	**100.**	**87,316,619**[(1)]
California Statewide Communities Development Authority		
Community Facilities District No. 2015-02	100.	10,560,000
City of Bakersfield 1915 Act Bonds (Estimated)	100.	6,840,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$172,955,340
OVERLAPPING GENERAL FUND DEBT:		
Kern County Certificates of Participation	10.627%	$ 9,213,642
Kern County Pension Obligation Bonds	10.627	19,113,875
Kern County Board of Education Certificates of Participation	10.627	3,837,941
Kern County Community College District Certificates of Participation	10.012[(2)]	2,885,959
Kern County Community College District Benefit Obligation Bonds	10.012[(2)]	7,684,711
Kern High School District General Fund Obligations	17.202	14,322,385
City of Bakersfield General Fund Obligations	23.546	2,033,197
TOTAL OVERLAPPING GENERAL FUND DEBT		$59,091,710
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$2,227,999
COMBINED TOTAL DEBT		$234,275,049[(3)]

(1) Excludes general obligation bonds to be sold.
(2) Fiscal Year 2018-19 ratio.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($87,316,619)..0.86%
Total Direct and Overlapping Tax and Assessment Debt..................1.70%
Combined Total Debt 2.31%

Ratios to Redevelopment Incremental Valuation ($1,038,110,371):
Total Overlapping Tax Increment Debt...0.21%

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

Article XIIIA of the California Constitution limits the amount of any *ad valorem* tax on real property to one percent (1%) of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

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

Legislation Implementing Article XIIIA

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

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

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

Prospective purchasers of the Bonds should be aware that, notwithstanding any decrease in assessed valuation for any fiscal year, the County is required to levy sufficient taxes to pay debt service on the Bonds. The consequence of any decrease in assessed valuation is a corresponding increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to cover debt service on the Bonds in full.

Article XIIIB of the California Constitution

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

Unitary Property

Assembly Bill 454 (Chapter 921, Statutes of 1986) ("AB 454") provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property") are allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The State electric utility industry has experienced 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 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. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "Funding of School Districts in California" in APPENDIX A hereto.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" ("Proposition 39") which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to exempt the one percent (1%) *ad valorem* tax limitation that Section 1(a) of Article XIIIA of the Constitution levies, to pay bonds approved by 55% of the voters, subject to the restrictions explained above.

The California Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for an elementary and high school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Proposition 98

On November 8, 1988, voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). Proposition 98 guarantees K-14 schools a minimum share of the State General Fund revenues. Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 schools are guaranteed the greater of (a) 40.9% of State General Fund revenues (the "first test"), or (b) the amount appropriated to K-14 schools 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"), or (c) a "third test" which would replace the second test in any year when the percentage growth in per capita State General Fund revenues from the prior year plus 1/2 of 1% is less than the percentage growth in the State per capita personal income. Under the third test, schools would receive the amount appropriated in the prior year adjusted for changes 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 would become a "credit" to schools which would be paid in future years when State General Fund revenue growth exceeds personal income growth.

Proposition 98 permits the Legislature by two-thirds vote of both houses, with the Governor's concurrence, to suspend this minimum funding formula for a one-year period, and any corresponding reduction in funding for that year will not be paid in subsequent years. However, in determining the funding level for the succeeding year, the formula base for the prior year will be reinstated as if such suspension had not taken place. The Legislature has suspended payment on a number of occasions since voters approved Proposition 98.

Proposition 98 also changes how tax revenues in excess of the State Appropriations Limit are distributed. "Excess" tax revenues are determined based on a two-year cycle, so that the State could avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year were under its limit. After any two-year period, if there are excess State tax revenues, 50% of the excess would be transferred to K-14 schools, with the balance returned to taxpayers. Further, any excess State tax revenues transferred to K-14 schools 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 will not be increased by this amount.

Propositions 1A and 22

Proposition 1A (SCA 4), proposed by the State Legislature in connection with the 2004-05 State budget and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Pursuant to Proposition 1A, if the State reduces the Vehicle License Fee rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A required the State, beginning March 1, 2006, to suspend mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

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

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

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in fiscal year 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted fiscal year 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies. Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's General Fund.

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 K-14 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 K-14 school districts and county offices of education, totaling $1.7 billion statewide. The District is unable to predict what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

As a result of the dissolution of California redevelopment agencies and ABx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue. The District does not expect to have any of its property tax payments deferred as a result of the dissolution of area redevelopment agencies.

Proposition 30 and Proposition 55

The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012, resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raises taxes on individuals after their first $250,000 in income and on couples after their first $500,000 in earnings. These increased tax rates affect approximately one percent of California personal income tax filers and originally were to be in effect until the conclusion of the 2018 tax year. On November 8, 2016, voters approved Proposition 55, which extended the temporary tax increases created by Proposition 30 through the 2030 tax year. The State Office of Legislative Analyst (the "LAO") estimated that, as a result of Proposition 30, additional state tax revenues of about $6 billion annually from fiscal years 2012-13 through 2016-17 would be received by the State, with lesser amounts of additional revenue available in fiscal years 2017-18 and later. Proposition 30 also placed into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Proposition 30 provides additional tax revenues aimed at balancing the State's budget to help fund existing State programs, end K-14 education payment delays and pay other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the fact that the majority of the additional revenue comes from personal income tax rate increases on upper-income taxpayers. The fluctuations in incomes of upper-income taxpayers will impact potential State revenue and could complicate State budgeting in future years. After the tax increases expire, the loss of the associated tax revenues could create additional budget pressure in subsequent years.

Revenues generated from this tax increase are included in the calculation of the Proposition 98 minimum funding guarantee for school and community college districts and are deposited into the Education Protection Account created pursuant to Proposition 30 (the "EPA"). See "—Proposition 98" herein. Pursuant to Proposition 30, funds in the EPA are allocated quarterly, with approximately 89% of such funds provided to school districts and approximately 11% to community college districts, which are then distributed to districts in the same manner as existing unrestricted per-student funding. However, no school district shall receive less than $200 per unit of Average Daily Attendance (the "ADA") and no community college district shall 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 moneys received from the EPA are spent, provided that governing boards may not use any of such funds for salaries or benefits for administrators or any other administrative costs.

The District cannot predict the effect that the loss of revenues generated from the Proposition tax increase may have on total State revenues or the effect on the Proposition 98 formula for funding schools, should the tax not be further extended.

Proposition 2

On November 4, 2014, voters approved Proposition 2, also referred to as the "Rainy Day Budget Stabilization Fund Act." Proposition 2 changed the State's existing requirements for the Budget Stabilization Account ("BSA") and establishes a Public School System Stabilization Account ("PSSSA").

Proposition 2 limits the ability of the Governor to suspend or reduce transfers to the BSA. Specifically, the Governor would have to declare a "budget emergency," defined in Article XIIB of the State Constitution or determine that there are insufficient resources to maintain general fund expenditures for the current year, at the highest level of spending in the three most recent fiscal years. Any such declaration must be followed by a legislative bill passed by a majority vote of each house.

Proposition 2 also requires the State Controller to deposit annually 1.5% of general fund revenues and an amount equal to revenues derived from capital gains-related taxes in situations where such tax revenues are in excess of 8% of general fund revenues. Deposits to the BSA are expected to begin no later than October 1, 2015, and such deposits will be made until the BSA balance reaches an amount equal to 10% of general fund revenues. Additionally, from 2015-16 to 2029-30, half of any required transfers to the BSA must be allocated to reduce certain state liabilities, such as unfunded state-level pension plans and making certain payments owed to K-14 school districts.

The PSSSA will be funded by the capital gains-related tax revenues in excess of 8% of general fund revenues. The State may deposit amounts into the PSSSA only after certain conditions are met, including the payment of all amounts owing to school districts under the Proposition 98 maintenance factor and the existence of a "Test 1" year under Proposition 98.

Proposition 51

At the November 8, 2016 Election, voters in the State approved the California Public School Facility Bonds Initiative, ("Proposition 51"). Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds to fund the construction and modernization of school facilities for both community colleges and K-12 schools within the state. The District has received $29,193,254 in Proposition 51 funds over the past two years and anticipates receiving an additional $9,705,796 in funding during the 2019-20 fiscal year. The District expects to continue pursuing financing pursuant to Proposition 51 for future school construction and modernization facility projects.

Specifically, the $9 billion will be stored between a State School Facilities Fund and a California Community College Capital Outlay Bond Fund. The funds can then be used to allocate bond revenue in the following manner:

- $3 billion for construction of new K-12 school district facilities;
- Another $3 billion for the modernization of K-12 public school sites, which includes repairs to outdated facilities to increase earthquake and fire safety, removing asbestos, technology upgrades and other health and safety improvements;
- $500 million for various charter school facilities;
- $500 million for career technical education facilities;
- $2 billion for California community college facility construction and modernization.

The State issues general obligation bonds for facility projects. Typically, K-12 schools can submit proposals for such projects to the State Office of Public School Construction for both modernization and new construction. If the project is approved, the school district will receive State grant funding and in turn the school district must contribute local funding to such projects. If sufficient local funding is unavailable, the school district may potentially receive the full project cost via State grant funding. Career technical education and charter school facilities face a similar approval process. Community college districts, on the other hand, must submit requests for facility projects to the Chancellor of the community college system. Selected projects are eventually approved and funded as part of the annual State budget. A scoring system is used to determine the State and local contributions for these community college sites.

The impact that Proposition 51 will generally have on school district behavior is unclear. Some school districts may spend less local funds given the greater support of state funding. However, school districts may decide to spend more local funds by proposing an increased number of facility projects with the knowledge that additional state funding could be available. It is also possible that school districts make no changes to their number of proposals for construction and modernization projects.

Article XIIIC and XIIID of the California Constitution

On November 5, 1996, an initiative to amend the California Constitution known as the "Right to Vote on Taxes Act" ("Proposition 218") was approved by a majority of California voters. Proposition 218 added Articles XIIIC and XIIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as "general taxes" (defined as those used for general governmental purposes) or "special taxes" (defined as taxes for a specific purpose even if the revenues flow through the local government's general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District's voters, depending upon the Article of the Constitution under which it is passed. Under previous law, the District could apply provisions of the Landscape and Lighting Act of 1972 to create an assessment district for specified purposes, based on the absence of a majority protest. Proposition 218 significantly reduces the ability of the District to create such special assessment districts.

Proposition 218 has no effect upon the District's ability to pursue approval of a general obligation bond issue under Proposition 46 or a Mello-Roos Community Facilities District bond issue in the future, which have special Constitutional authority or are already subject to a 2/3 vote, although certain procedures and burdens of proof may be altered slightly. Any assessments, fees or charges levied or imposed by any assessment district created by the District will become subject to the election requirements of Proposition 218 as described above, a more elaborate notice and balloting process and other requirements. The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 46 and 39 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 the District's revenues or their ability to expend revenues.

THE KERN COUNTY TREASURY POOL

The following information concerning the Kern County Treasury Pool (the "Investment Pool" or "Pool") has been provided by the Treasurer and has not been confirmed or verified by the District or the Original Purchaser. 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. ***Amounts held in the District's name in the Pool are not pledged to the payment of debt service on the Bonds.***

Under the California Education Code, the District is required to pay all moneys received from any source into the County of Kern Treasury to be held on behalf of the District. The Pool consists of monies deposited with the Treasurer by County departments and agencies, school districts, certain non-County governmental agencies and special assessment districts. Most of the Pool's depositors are required by State law to invest their excess moneys in the Pool.

Each depositor is assigned a distinct fund number within the Investment Pool. Cash represented by the fund balances is commingled in a Pooled Cash Portfolio for investment purposes; no funds are segregated for separate investment. Investments are selected from those authorized by California Government Code Section 53635. Authorized investments include obligations of the United States Treasury, agencies of the United States government, federally sponsored enterprises, local and State bond issues, bankers acceptances, commercial paper of prime quality, collateralized and negotiable certificates of deposit, repurchase and reverse repurchase agreements, medium term corporate notes, shares of beneficial interest in diversified management companies (mutual funds), and asset backed (including mortgage related) and pass-through securities.

Each calendar year, the Treasurer prepares an Annual Statement of Investment Policy (the "Investment Policy") that sets the framework for the investment practices relating to the County treasury. Legislation enacted in 1996 and effective January 1, 1997, requires that the Investment Policy be filed and approved by the Board in open session. Additionally, the Board must determine whether to delegate investment authority to the Treasurer each year. Failure to so delegate transfers investment responsibility to the Board itself. The Board of Supervisors approved the current Investment Policy as presented by the Treasurer and delegated investment responsibility to the Treasurer on December 4, 2018. Having been so approved, the Investment Policy may not be changed without Board approval.

The approved Investment Policy provides that the County's investment objectives are "safety and liquidity of all investments within the County investment pool, while obtaining a reasonable return within established investment guidelines." The Investment Policy provides that no more than 6% of the assets in the Pool can be invested in the securities of any single issuer other than the United States Treasury and agencies of the United States government. Investments in reverse repurchase agreements are limited to 10% of the total Pool and must always be matched in maturity to the reinvestment. Additionally, no investment will be made in any security whose coupon rate varies inversely with general credit market rates.

In accordance with California law, the Kern County Board of Supervisors created an eleven-member Treasury Oversight Committee (the "TOC") on April 2, 1996. The statutory role of the TOC is to review the Investment Policy as prepared by the Treasurer and make recommendations to the Board, to monitor policy compliance as well as investment performance and to cause an annual independent audit to be performed. The TOC meets semi-annually to accomplish its tasks.

The following tables present information with respect to the Pool as of October 31, 2019. As described above, a wide range of investments is authorized under State law and the Investment Policy. Therefore, there can be no assurance that the investments in the Pool will not vary significantly from the investments described below. In addition, the value of various investments in the Pool will fluctuate on a daily basis as a result of several factors, including generally prevailing interest rates and other economic conditions. For further information concerning County investments, access the County's website: http://www.kcttc.co.kern.ca.us.

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The following table identifies the types of securities held by the Pool as of October 31, 2019.

KERN COUNTY TREASURER – TAX COLLECTOR
Pooled Cash Portfolio Report
(as of October 31, 2019 – amounts in 1,000's)

Asset	Par Amount	Original Cost	Market Value	Original Yield	Percent of Total Assets	Policy Limit Rating	Days to Maturity
Local Agency Investment Fund	$62,309,665	$62,309,665	$62,309,665	2.16%	2.00%	$65 Million	1
California Asset Management Program	189,547,917	189,547,917	189,547,917	2.00	6.09	10%	1
CalTRUST	413,606	413,606	413,606	1.88	0.01	10%	1
U.S. Treasuries	461,000,000	456,487,891	462,915,280	2.03	14.87	100%	608
Federal Agencies	1,164,617,000	1,165,600,154	1,176,665,705	2.04	37.79	75%	659
Municipal Bonds	62,000,000	62,748,290	63,780,950	2.51	2.05	10%	1,072
Supranationals	141,175,000	142,434,688	144,007,884	2.03	4.62	10%	809
Negotiable CDs	175,000,000	175,000,000	175,150,578	2.36	5.62	30%	113
Commercial Paper	100,000,000	98,659,653	99,151,522	2.14	3.18	40%	161
Corporate Notes	675,239,000	674,750,839	687,151,043	2.50	22.07	30%	905
Total Securities	$3,031,302,188	$3,027,952,702	$3,061,094,148	2.17%	98.30%	-	619
Total Cash	$52,843,866	$52,843,866	$52,843,866	-	1.70%	-	-
Total Assets	$3,084,146,054	$3,080,796,569	$3,113,938,015	-	100.00%	-	-

Source: Kern County Treasurer.

None of the District, the Municipal Advisor or the Original Purchaser has made an independent investigation of the investments in the Pool nor have they made any assessment of the current County Investment Policy. The value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the Treasury Oversight Committee and the County Board of Supervisors, may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described herein.

LEGAL OPINION

The legal opinion of Nixon Peabody LLP, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds, will be supplied to the original purchasers of the Bonds without charge. The form of legal opinion that will be delivered with the Bonds is attached hereto as APPENDIX B. Bond Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

In rendering these opinions, Bond Counsel has relied upon representations and covenants of the District in the Tax Certificate concerning the property financed with Bond proceeds, the investment and use of Bond proceeds and the rebate to the federal government of certain earnings thereon. In addition, Bond Counsel has assumed that all such representations are true and correct and that the District will comply with such covenants. Bond Counsel has expressed no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such District representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Bond Counsel.

State Taxes

Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes of the State of California under present State law. Bond counsel expresses no opinion as to other state or local tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than California.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of any maturity of the Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Discount Bond" and collectively, the "Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

Bonds sold at prices in excess of their principal amounts are "Premium Bonds". An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions, and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as APPENDIX B. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds may occur. Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any change in law on the Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

BOND INSURANCE

The District may obtain a municipal bond insurance policy (a "Policy") which, if obtained, would insure the scheduled payment of principal of and interest on the Bonds when due. The District's decision whether or not to obtain such a Policy will be made at or about the time of the pricing of the Bonds and will be based upon, among other things, market conditions at the time of such pricing. No assurance can be given as to whether the District will obtain such Policy, and, if so, whether such Policy will cover all or less than all of the Bonds. Information on any such Policy and the provider thereof (the "Bond Insurer") will be described in the final Official Statement, and may grant certain additional rights of consent to amendment to the Bond Insurer, or deem the Bond Insurer as the sole bondholder of the Bonds for certain purposes, potentially including the right to direct enforcement of rights granted to the holders of the Bonds.

LEGAL MATTERS

Continuing Disclosure

The District will covenant in its Continuing Disclosure Certificate to be executed on the date of delivery of the Bonds (the "Continuing Disclosure Certificate"), to file annual reports and notices of certain listed events ("Listed Events") with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Original Purchaser in complying with Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as amended (the "Rule"). The District's obligations under the Continuing Disclosure Certificate with respect to continuing disclosure shall terminate upon payment in full of the Bonds. If such termination occurs or is deemed to occur prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event. The District regularly prepares a variety of reports, including audits, budgets and related documents. Any Owner of a Bond may obtain a copy of any such report, as available, from the District. The specific nature of the annual reports and notices of Listed Events respecting the Bonds is contained in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The District has previously entered into a number of undertakings to provide continuing disclosure (the "Previous Undertakings"). During the five-year period preceding the offering of the Bonds, the District failed to timely file its annual reports for the fiscal year 2014-15 with respect to its 2006 Election General Obligation Bonds, 2015 Series E and 2015 Series F. Additionally, the District failed to file rating change notices in a timely manner. A Notice of Failure to File was not filed for a few of these instances. The District has since remedied these prior discrepancies by filing all necessary reports and notices. The District has been applying best practices going forward to comply with all previous undertakings related to continuing disclosure of information pursuant to the Rule.

Limitation on Remedies; Amounts Held in the County Treasury Pool

The opinion of Bond Counsel, the proposed form of which is attached hereto as APPENDIX B, is 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 Resolution and the Act 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 "THE KERN COUNTY TREASURY POOL" herein. 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 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.

California Senate Bill 222

On July 13, 2015, the Governor signed Senate Bill 222 ("SB 222") into law, effective January 1, 2016. SB 222 was introduced on February 12, 2015, initially to amend Section 15251 of the California Education Code to clarify the process of lien perfection for general obligation bonds issued by or on behalf of California school and community college districts. Subsequently, on April 15, 2015, SB 222 was amended to include an addition to the California Government Code to similarly clarify the process of lien perfection for general obligation bonds issued by cities, counties, authorities and special districts, including the District.

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 financing of specific capital projects and are supported by a consensual lien on *ad valorem* property taxes that are use-restricted under State law to the repayment of the Bonds, the District believes that those taxes are "special revenues" as defined in the Bankruptcy Code, and thus there is 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 has historically been understood not to stay the application of special revenues to payment of the bonds secured by such special revenues. Thus, regularly scheduled payments of principal of 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 believes 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 should 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. However, bankruptcy courts are courts of equity and as such have broad discretionary powers, and there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the bankruptcy court could find that the automatic stay exception for special revenues does not apply, and the parties to the proceedings may thus be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues), or to enforce any obligation of the District, without the bankruptcy court's permission. It is also possible that the bankruptcy court may not enforce the state law use restriction imposed on *ad valorem* property taxes.

Even if the *ad valorem* property tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* property tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Bonds. It should also be noted 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 Act 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 "THE KERN COUNTY TREASURY POOL" herein. In the event the District or the County were to file for bankruptcy relief, a 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, which might include taxes that have been collected and deposited in the Debt Service Fund, 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 Debt Service Fund where such amounts are invested in the County Treasury Pool. Further, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, or what amount of time would be required for such procedures to be completed. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

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.

RATING

Moody's Investors Services ("Moody's") has assigned their municipal bond ratings of "Aa3" to the Bonds. Such ratings reflect only the views of Moody's, and an explanation of the significance of such rating may be obtained as follows: Moody's 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553-0300. The District furnished such rating agency with certain information and materials relating to the Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by rating agencies. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. The District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed revision or withdrawal of a rating of the Bonds or to oppose any such proposed revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

__________, as Original Purchaser (the "Original Purchaser"), has agreed to purchase the Bonds from the District at the purchase price of $________ (being the initial principal issue amount of the Bonds, plus net original issue premium of $_________, and less an underwriter's discount of $________), at the rates and yields shown on the inside cover hereof. The Notice of Sale attached hereto as APPENDIX F requires that the Original Purchaser purchase all of the Bonds, if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Notice of Sale.

The Original Purchaser intends to offer the Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. The Original Purchaser may, however, offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Original Purchaser.

NO LITIGATION

No litigation is pending or threatened concerning the validity 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.

The District is subject to lawsuits and claims in the ordinary course of its operations. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the finances of the District.

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc. (the "Municipal Advisor") is employed as Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Fieldman, Rolapp & Associates, Inc. in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income status of the Bond, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

OTHER INFORMATION

References are made herein to certain documents, reports, statutes, and constitutional provisions which are brief summaries thereof, and which do not purport to be complete, comprehensive or definitive, and are qualified in their entireties by reference each such document, report, statute and constitutional provision. Reference is made to such documents, reports, statutes, and constitutional provisions for full and complete statements of the contents thereof. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District and the Resolution may be obtained by contacting: Bakersfield City School District, 1300 Baker Street, Bakersfield, California 93305, Attention: Superintendent. The District may impose a fee for copying, shipping and handling.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not 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.

BAKERSFIELD CITY SCHOOL DISTRICT

By: ____
Interim Assistant Superintendent, Business Services

APPENDIX A

THE DISTRICT

Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of the Bakersfield City School District (the "District"), its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal of or interest on the Bonds is dependent in any way upon the District's financial condition. The District neither receives nor accounts for ad valorem property tax revenues collected by the County of Kern (the "County") to pay debt service on the Bonds (or its other general obligation bonds) in the following tables or in its annual financial statements. Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the debt service fund of the District. The Bonds are and will continue to be payable solely from ad valorem taxes levied and collected by the County within the boundaries of the District. See the body of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

This Appendix A provides information concerning the operations and finances of the District. The Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County, the State of California (the "State') or any of its other political subdivisions or of the general fund of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the forepart of this Official Statement.

General

The District, established in 1882, is located in the southern San Joaquin Valley in the County, approximately 110 miles north of Los Angeles and approximately 120 miles east of San Luis Obispo. The District encompasses approximately 158 square miles, and provides kindergarten through eighth grade education services in 33 elementary schools, 9 middle schools and junior high schools, one community day school and two alternative sites for special education. Fiscal year 2018-19 enrollment in the District was 30,782 students with an average daily attendance ("ADA") of 29,411. For fiscal year 2019-20, the District predicts enrollment of 30,793 students and an ADA of 29,392.

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: Bakersfield City School District, 1300 Baker Street, Bakersfield, California 93305, Attention: Superintendent.

District Organization

The District is governed by a Board of Education (the "Board"). The Board consists of five members who are 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 below:

BOARD OF EDUCATION

Name	Office	Term Expires (November)
Ralph Anthony	President	2020
Pam Baugher	President Pro Tem	2022
Lillian Tafoya	Clerk	2020
Dr. Fred Haynes	Clerk Pro Tem	2020
Vacant	Member	-

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District.

Key Personnel

The Superintendent of Schools of the District is appointed by the Board, reports to the Board, and supervises the work of other key District administrators. The Deputy Superintendent is responsible for the management of the District's day-to-day operations.

Doc Ervin, Superintendent. Mr. Ervin joined the District as Superintendent in 2016. He has served over 20 years in public education, having previously served as a classroom teacher, school principal, Assistant Superintendent and Superintendent at various school districts in the State. Mr. Ervin has dedicated his career to bringing equity and access to economically disadvantaged students from culturally diverse backgrounds and ensuring that high expectations lead to increasing student achievement for every student, in every classroom, every year. Mr. Ervin, who is fluent in Spanish, received both his Bachelor of Arts Degree in Liberal Studies and his Master in Science in Education Administration from Alliant International University, and his Administrative Credential from California State University, Fullerton.

Mr. Mark Luque, Deputy Superintendent.*[*] Mr. Luque serves as Deputy Superintendent, overseeing the Educational Services Division within the District in addition to day-to-day district operations. During his five-and-a-half-year tenure with the District, Mr. Luque has also served as Assistant Superintendent of Education Services and Director of Curriculum and Instruction. Prior to joining the District, Mr. Luque served as the Assistant Superintendent of Educational Services for the Delano Union School District. Prior to this, Mark served in various administrative and instructional roles. Mr. Luque earned his Bachelor of Arts Degree in History from San Diego State University and his Master of Arts Degree in Educational Administration from California State University, Bakersfield.

Sherry Gladin, Interim Assistant Superintendent, Business Services. Mrs. Gladin has 19 years of public education experience within the District and has served in a variety of roles with progressively increasing levels of responsibility throughout that time. Immediately preceding her appointment to Interim Assistant Superintendent, Business Services, Mrs. Gladin served for eleven years as the District's Director of Fiscal Services. Mrs. Gladin holds a Bachelor's Degree in Business Administration with a Concentration in Finance from California State University, Bakersfield.

[*] Effective January 1, 2020.

Changes in District Enrollment

The table below sets forth the enrollment and ADA for the District for the fiscal years 2013-14 through 2018-19 and estimates for fiscal years 2019-20 through 2021-22. The District continues to experience enrollment growth and continues to project enrollment growth in future years.

**BAKERSFIELD CITY SCHOOL DISTRICT
ENROLLMENT AND AVERAGE DAILY ATTENDANCE
FISCAL YEARS 2013-2014 THROUGH 2021-22[(1)]**

Fiscal Year	Enrollment	ADA
2013-14	29,684	28,130.51
2014-15	30,076	28,574.23
2015-16	30,222	28,752.88
2016-17	30,372	28,917.77
2017-18	30,699	29,191.42
2018-19	30,782	29,410.71
2019-20[(1)]	30,793	29,391.92
2020-21[(1)]	30,893	29,487.37
2021-22[(1)]	30,993	29,582.82

(1) Projected.
Source: The District.

Population

The population of the County and the State is set forth in the following tables.

**POPULATION OF THE
COUNTY AND STATE[(1)]**

Calendar Year[(2)]	Kern County	State
2010	839,631	37,253,956
2011	844,480	37,427,946
2012	851,643	37,680,593
2013	861,646	38,030,609
2014	868,610	38,357,121
2015	874,264	38,714,725
2016	886,507	39,255,883
2017	896,101	39,500,973
2018	906,563	39,740,508
2019	916,464	39,927,315

(1) Population figures for the City of Rosamond are unavailable.
(2) Figures as of January of the year indicated.
Source: California State Department of Finance.

District Employees

In fiscal year 2018-19, the District employed approximately 1,889 full-time and part-time certificated academic professionals as well as 2,222 full-time and part-time classified employees.

Certificated employees are represented by the Bakersfield Elementary Teachers Association ("BETA"). The certificated employees' contract with BETA expires on June 30, 2021. The skilled trades employees of the District have assigned the Laborers' International Union of North America, Local 777, ("LIUNA") as their exclusive bargaining agent. The skilled trades employees' contract with LIUNA expires on June 30, 2021. Classified employees are represented by California School Employees Association ("CSEA"). The classified employees' contract with CSEA will expire on June 30, 2022.

Pension Plans

The District participates in the State of California Teachers Retirement System ("STRS") which provides retirement benefits to certificated personnel. The District contributed $38,911,995 to STRS in fiscal year 2018-19 and the District estimates a contribution of $28,902,678 in fiscal year 2019-20.

The District also participates in the State of California Public Employees' Retirement System ("PERS") which provides retirement benefits to classified personnel. The District contributed $15,989,875 to PERS in fiscal year 2018-19 and the District estimates a contribution of $13,884,478 in fiscal year 2019-20.

The District also contributes to the Self-Insured Schools of California ("SISC") Defined Benefit Plan, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan for all part-time, temporary, and seasonal employees. The contributions to the SISC Defined Benefit Plan for fiscal year 2018-19 were $111,265, of which $57,794 was the District's portion and $53,471 was the employees' portion. The total equals 100% of the required District contributions.

The information set forth below regarding STRS and PERS has been obtained from publicly available sources and has not been independently verified by the District, the Original Purchaser or the Municipal Advisor, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Original Purchaser or the Municipal Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent gains or losses on investments made by the retirement systems generally may have changed the unfunded actuarial accrued liabilities.

Both PERS and STRS are operated on a statewide basis. The PERS and STRS defined benefit programs are funded through a combination of investment earnings and contributions by members, employees and the State. Both PERS and STRS have substantial State unfunded actuarial liabilities. PERS may issue certain pension obligation bonds to reach funded status. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

District contribution rates to PERS can vary annually depending on changes in actuarial assumption and other factors, such as liability. Unlike typical defined benefit programs, prior to fiscal year 2014-15, neither the STRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. As a result, in recent years, the combined employer, employee and State contributions to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investments losses, the unfunded actuarial liability of STRS increased significantly. The District is unable to predict what the STRS program liabilities will be in the future.

In order to address STRS funding inadequacies, the 2014-15 State Budget set forth a plan of shared responsibility among the State, school districts and teachers to shore up STRS. The first year's increased contributions from all three entities were approximately $275 million. The contributions would increase in subsequent years, reaching more than $5 billion annually. Then Governor Brown expected that this will eliminate the unfunded liability in approximately 30 years. The 2018-19 State Budget included $3.1 billion for state contributions to STRS, which reflects action by the STRS board to increase state contributions by 0.5% of teacher payroll. The 2019-20 State Budget includes approximately $3.3 billion for State contributions to STRS.

STATE OF CALIFORNIA
ACTUARIAL VALUE OF STATE RETIREMENT SYSTEMS

Name of Plan	Market Value of Assets	Actuarial Value of Assets[3]	Actuarial Obligation	Unfunded Actuarial Accrued Liability	Funded Ratio (Market Value)	Funded Ratio (Actuarial Value)
Public Employees' Retirement Fund Schools Pool (PERS)[1]	$64.846 billion	—	$92.071 billion	$27.225 billion	70.4%	—
State Teachers' Retirement Fund Defined Benefit Program (STRS)[2]	$211.367 billion	$190.451 billion	$297.603 billion	$107.152 billion	65.7%	64.0%

Figures as of June 30, 2018.

(1) As of June 30, 2018, the PERS provided pension benefits to 1,264,318 active and inactive program members and 694,570 retirees, beneficiaries, and survivors.

(2) As of June 30, 2018, the STRS Defined Benefit Program had approximately 647,653 active and inactive program members and 301,859retirees and benefit recipients.

(3) PERS no longer uses an actuarial value of assets and only uses the market value of assets.

Source: PERS State and Schools Actuarial Valuation, STRS Defined Benefit Program Actuarial Valuation, PERS Comprehensive Annual Financial Report 2017-18 and STRS Comprehensive Annual Financial Report 2017-18.

California State Teachers' Retirement System. STRS is a defined benefit program and member benefits are determined pursuant to the Education Code and are generally determined based on a member's age, final compensation and years of credited service. As a result of the California Public Employees' Pension Reform Act of 2013 (Chapter 296, Statutes of 2012), there are two benefit structures for members that apply according to the members' first date of hire to perform STRS creditable activities. Members first hired on or before December 31, 2012 are 100% vested in retirement benefits after five years of credited service and are eligible for "normal" retirement at age 60 and for early retirement at age 55 or at age 50 with 30 years of credited service. The normal retirement benefit is 2% of final compensation (as defined in the Education Code) for each year of credited service (up to 2.4% of final compensation for members retiring after age 60), and members who retire on or after January 1, 2011 with 30 or more years of service by December 31, 2010 receive monthly bonus payments of up to $400 per month. Members first hired on or after January 1, 2013 who retire at age 62 are eligible for a benefit equal to 2% of final compensation for each year of credited service (up to 2.4% of final compensation for members retiring after age 62). Additional benefits under both benefit structures include a 2% cost of living increase (computed on a simple, non-compounded, basis based on the initial allowance) on each September 1 following the first anniversary of the effective date of the benefit.

Prior to fiscal year 2014-15, neither the STRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. As a result, the combined employer, employee and State contributions to STRS were not sufficient to pay actuarially required amounts. Assembly Bill 1469 ("A.B. 1469"), enacted in connection with the adoption of the 2014-15 State budget authorizes shared contribution increases among the program's three contributors – STRS members, employers and the State. Defined Benefit Program contribution rate increases for all contributing parties will be incrementally phased-in over the next several years, with the first increases having taken effect July 1, 2014. The rate increases authorized by A.B. 1469 are projected to fund the STRS Defined Benefit Program fully in 32 years.

Employer contribution rates, including those of the District, will increase through fiscal year 2020-21 as shown in the following table. Beginning fiscal year 2021-22, employer contribution rates will be set each year by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

		AB 1469 Increases	
Effective Date	**Prior Rate**	**Increase**	**Total**
July 1, 2017	8.25%	6.18%	14.43%
July 1, 2018	8.25	8.03	16.28
July 1, 2019	8.25	8.85	17.10
July 1, 2020	8.25	10.15	18.40

The State contributions are set pursuant to the Education Code. As of July 1, 2019 the State will contribute 7.828% of members' annual earnings to the defined benefit plan. The employee contribution rate for STRS members first hired on or before December 31, 2012 to perform STRS creditable activities (i.e., STRS 2% at 60 members) is 10.25% for fiscal year 2019-20. The employee contribution rate for STRS members first hired on or after January 1, 2013 to perform STRS creditable activities (i.e., STRS 2% at 62 members) is 10.205% for fiscal year 2019-20.

The State Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the defined benefit plan. STRS actuarial consultant determines the actuarial value of the defined benefit plan's assets by using a one-third smoothed recognition method of the difference between the actual market value of assets to the expected actuarial value of assets. Accordingly, the actuarial value of assets will not reflect the entire impact of certain investment gains or losses on an actuarial basis as of the date of the valuation or legislation enacted subsequent to the date of the valuation.

In February 2017, the State Teacher's Retirement Board voted to revise the actuarial methods and assumptions beginning with the STRS Defined Benefit Program for fiscal year 2016. The actuarial assumptions set forth in the 2016 STRS actuarial valuation use a 7.25% investment rate of return for measurements as of June 30, 2016 and an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% wage growth, and 2.75% inflation. The STRS unfunded liability will vary based on actuarial assumptions, actual returns on investments and contribution rates.

The Defined Benefit Program of the California State Teachers' Retirement System, June 30, 2018 Actuarial Valuation (the "2018 STRS Actuarial Valuation") states that for fiscal year 2017-18 the funded ratio increased by 1.4% over the previous year, mainly due to the return on the Actuarial Value of Assets (8.3%) that exceeded the assumed return (7.0%). However, the funded ratio as a whole has decreased by approximately 23% over the past 10 years primarily due to a combination of returns that have, on a smoothed basis, been less than the actuarial assumption, contributions less than the actuarially calculated amount, and changes in the actuarial assumptions that have increased the Actuarial Obligation. The alternate funded ratio using the Fair Market Value of assets has increased since the last valuation. This increase is due to the greater than expected return on assets during the 2017-18 fiscal year.

California Public Employees' Retirement System. PERS is a defined benefit program and member benefits are determined pursuant to the Public Employees' Retirement Law and are generally determined based on a member's age, final compensation and years of credited service.

Member contribution rates are determined by the Public Employees' Retirement Law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by statute. For fiscal year 2019-20, the employee contribution rate for classic plan members is 7.0% of monthly salary and the estimated employee contribution rate for PEPRA members is 7.0% of monthly salary. The employer contribution rate increased from 18.062% of covered payroll for fiscal year 2018-19 to 20.733% of covered payroll for fiscal year 2019-20.

At its April 17, 2013 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. The new amortization and smoothing policy was used for the first time in the June 30, 2014 actuarial valuations. These valuations were performed in early 2015 and set employer contribution rates for the fiscal year 2015-16.

The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of PERS. At its December 21, 2016 meeting, the PERS Board of Administration approved a discount rate assumption decrease from its current rate of 7.50% to 7.00% over the next three years. For the School Pool, the discount rate was lowered for the first time to 7.375% effective with the June 30, 2017 actuarial valuation (the "2017 PERS Schools Pool Actuarial Valuation"), impacting the Schools Pool employer contribution rates beginning in fiscal year 2018-19. The discount rate was lowered further to 7.25% for the June 30, 2018 actuarial valuation, and will be lowered again to 7.00% for the June 30, 2019 actuarial valuation. Lowering the discount rate will result in increases in both the normal cost and the accrued liabilities which will result in higher required employer contributions. The District cannot predict how these changes will affect its contribution levels.

On December 20, 2017, the PERS Board of Administration adopted new actuarial demographic assumptions to update various assumptions including mortality, retirement rates and inflation. These new assumptions were applied beginning with the June 30, 2018 valuation for the schools pool, setting employer contribution rates for fiscal year 2019-20. As a result, the June 30, 2018 actuarial valuation assumes a reduced inflation rate of 2.625% per year and reduced payroll growth of 2.875% per year. The actuarial funding method used in the PERS Schools Pool Actuarial Valuation as of June 30, 2018 (the "2018 PERS Actuarial Valuation") is the "Individual Entry Age Normal Cost Method." The PERS Schools Pool Actuarial Valuation as of June 30, 2018 assumes, among other things, a 7.25% discount rate, projected 2.625% inflation per year, and projected payroll growth of 2.875% per year. The prescribed discount rate will reduce to 7.00% per year, projected 2.50% inflation per year, and projected payroll growth of 2.75% per year as of the June 30, 2019 actuarial valuation. At its February 12, 2018 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization policy once again. Prior to this change, PERS employed an amortization and smoothing policy which spread investment returns over a 30-year period with the increases or decreases in the rate spread directly over a 5-year period. After this change, PERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 20-year period rather than a 30-year period. The new amortization policy will be used for the first time in the June 30, 2019 actuarial valuations.

On April 17, 2019, subsequent to the release of the 2017 PERS Schools Pool Actuarial Valuation, the PERS Board adopted updated projections for future employer contribution rates of 23.6%, 24.9%, 25.7%, and 26.4% in Fiscal Years 2020-21, 2021-22, 2022-23 and 2023-24, respectively. The PERS Board did not adjust the employer contribution rate for Fiscal Year 2019-20.

On June 27, 2019, PERS released an Actuarial Circular Letter, which reflected a modified employer contribution rate of 19.7% (reduced from 20.7%) for Fiscal Year 2019-20 as a result of contributions to PERS included in the 2019-20 State Budget. See “FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA - State Assistance – 2019-20 State Budget” herein.

Both PERS and STRS are operated on a statewide basis and, based on available information, STRS and PERS both have unfunded liabilities. PERS may issue certain pension obligation bonds to reach funded status. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and PERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from www.calstrs.com or by written request mailed to STRS, P.O. Box 15275, Sacramento, California 95851-0275, and copies of the PERS annual financial report may be obtained from www.calpers.ca.gov or by written request mailed to the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in those reports is not incorporated by reference in this Official Statement.

The District is unable to predict what the amount of liabilities will be in the future, or the amount of future contributions that the District may be required to pay. See APPENDIX C – “AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR 2018-19 for additional information concerning STRS and PERS contained in the notes to said financial statements.

Pension Reform Act of 2013 (Assembly Bill 340)

On September 12, 2012, Governor Brown signed AB 340, a bill that enacted the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”), amending various sections of the California Education and Government Codes. AB 340 (i) increased the retirement age for new State, school, and city and local agency employees depending on job function, (ii) capped the annual PERS and STRS pension benefit payouts, (iii) addressed abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA will apply to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on that date and after; existing employees who are members of employee associations, including employee associations of the District, had a five-year window to negotiate compliance with AB 340 through collective bargaining. A city, public agency or school district could require employees to pay their half of the costs of PERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

PERS has predicted that the impact of AB 340 on employers, including the District and other employers in the STRS system, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in lower retirement benefits than employees currently earn. Additionally, PERS has noted that AB 340 changes may have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

With respect to STRS, for employees hired after January 1, 2013, members will pay the greater of either (1) at least 50 percent of the cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by current members. The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Public employers will pay at least the normal cost rate, after subtracting the member's contribution. The District is unable to predict the amount of future contributions it will make to STRS as a result of the implementation of AB 340 (being its future contributions for the normal costs of new employees), and as a result of negotiations with its employee associations, or, notwithstanding the adoption of AB 340, resulting from any legislative changes regarding STRS employer contributions that may be adopted in the future.

More information about AB 340 can be accessed through the PERS's web site at www.calpers.ca.gov and through the STRS website at www.calstrs.com. The references to these internet websites are shown for reference and convenience only; the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.

Other Post-Employment Benefits ("OPEB")

In June 2004, the GASB pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The pronouncement requires 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. The implementation date for this pronouncement was staggered in three phases based upon the entity's annual revenues, similar to the implementation for GASB Statement No. 34 and 35. GASB Statement No. 45 ("GASB 45") became effective for the District for fiscal year 2008-09.

GASB Statement Nos. 74 and 75. In June 2015, the GASB approved Statement No. 74 ("GASB 74"), Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans, and Statement No. 75 ("GASB 75"), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The pronouncements make substantial changes to GASB 45, including changes to the way other postemployment benefits are measured and reported. The new pronouncements require recognition of a liability equal to the total OPEB liability on the full-accrual financial statements. GASB 45 allowed recognition over a period not-to-exceed 30 years. GASB 74 and GASB 75 require that most changes in net OPEB liability be included in OPEB expense in the period of change. Overall, basic accounting and reporting will be similar to pensions under GASB 67 and GASB 68.

In addition to the retirement plan benefits with STRS and PERS, the District provides certain post-retirement healthcare benefits, in accordance with District employment contracts. The District's health care plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District to provide health benefits to eligible retirees. The required contribution is based on projected pay-as-you-go financing requirements. Membership of the Plan consists of 260 retirees currently receiving benefits and 2,642 active members. The District provides employer paid medical benefits to eligible retirees and their eligible dependents from age 55 through age 65. Eligibility for retiree health benefits requires at least 10 years of consecutive full-time service for those employees hired prior to June 1, 2007, or 10 years of consecutive full-time service at retirement for those employees hired after June 1, 2007. For fiscal year 2018-19, the District contributed $59,769,488 to the Plan and for fiscal year 2019-20, the District expects to contribute $64,242,515 to the Plan. These contributions are based on the actual cash contributions made by the District, and do not take into account the implicit rate subsidy factor. Please see the District's Audited Financial Statements, attached as APPENDIX C hereto, for the annual required contributions including the implicit rate subsidy factor.

DFA, LLC, has prepared an actuarial valuation covering the District's retiree health benefits and dated July 1, 2018, with a valuation date of July 1, 2018 and which is updated annually, with the most recent supplemental schedules dated September 5, 2019, and using a reporting period and measurement period of July 1, 2018 to June 30, 2019 (as updated, the "OPEB Actuarial Report"). Certain assumptions incorporated in the OPEB Actuarial Valuation, as updated, include a 3.13% discount rate, a 3.00% inflation rate, a 3.00% annual increase for salaries, and various other assumptions. The total OPEB liability ("TOL") is the liability that would have accumulated if all actuarial assumptions are exactly met and the District expensed the service cost every year for all past and current employees and retirees. The OPEB Actuarial Report used the above-described assumptions, as well as other assumptions set forth therein, to determine the District's TOL. According to the OPEB Actuarial Report, the District had a TOL of $141,263,668 as of July 1, 2018 and a TOL of $138,563,908 as of June 30, 2019.

The OPEB Actuarial Report describes the District's net OPEB liability ("NOL") as the excess of the TOL over the plan fiduciary's net position. Under GASB Statement 74 and Statement 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants. The District has not established an irrevocable trust for OPEB assets and currently has no plans to do so. As such, the District's plan fiduciary has a net position of zero, and the District's NOL as of June 30, 2019 was also $138,563,908.

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

Statement Number 45 explicitly incorporates Actuarial Standards of Practice ("ASOPs"). There was a recent change to ASOPs No. 6 ("ASOP 6") requiring reflection of "implicit subsidies" in OPEB costs and projections. "Implicit subsidies" refers to an indirect cost sharing feature of OPEB plans. Using unadjusted flat-rate premiums as a cost basis for accounting was previously acceptable under GASB 45 when the health plans are considered "community-rated." Community-rated plans have premium levels determined without adjustment for the demographics of an individual employer buying coverage. Although these subsidies were previously allowed to be excluded, the changes to ASOP 6 eliminated the community-rated exemption. As a result, the District began to reflect these implicit subsidies in its OPEB liability accounting.

For additional information about the District's Plan, as well as information regarding a previous actuarial valuation, see District's financial statements attached hereto as APPENDIX C. A copy of the latest actuarial valuation is available upon request from the District at the address listed on the first page of the forepart of this Official Statement. The District may impose a charge for copying, handling and mailing such requested documents.

GASB 67 and 68

On June 25, 2012, GASB voted to approve two new standards that aimed to improve the accounting and financial reporting of public employee pensions by state and local governments. Statement No. 67, Financial Reporting for Pension Plans, revised existing guidance for the financial reports of most pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions, revised and established new financial reporting requirements for most governments that provide their employees with pension benefits.

Statement 67 replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement 50, Pension Disclosures as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. Statement 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.

Statement 68 replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

The provisions in Statement 67 became effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 became effective for fiscal years beginning after June 15, 2014.

Insurance

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 elementary school districts. The District also participates in three joint ventures under joint powers agreement: Self Insured Schools of California I, Self Insured Schools of California II and Self Insured Schools of California III (collectively, the "JPAs"). The JPAs arrange for and provide workers' compensation, property and liability and health insurance coverage to member districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for self-insured claims are adequate.

Financial Statements of the District

The following information, concerning the operations and finances of the District is not intended to and does not suggest that the Bonds are secured by the general revenues or General Fund of the District, nor is the County obligated in any way with respect to the Bonds. The Bonds are general obligation bonds of the District, secured and payable solely from ad valorem *property taxes collected against taxable properties within the boundaries of the District. Prospective purchasers of the Bonds should be aware that the following discussion of the District's financial condition, its fund balances, budgets and other obligations is intended as general information only, and no implication is made the payment of principal of or interest on the Bonds is dependent in any way upon the District's financial condition. The District neither receives nor accounts for* ad valorem *property taxes collected by the County to pay debt service on the Bonds. Pursuant to Section 15241 of the California Education Code, all tax revenues collected for payment of debt service on general obligation bonds, including the Bonds, must be deposited into the debt service fund of the District maintained within the County Treasury Pool. See the body of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."*

The General Fund of the District, as shown herein, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District not financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues are derived from such sources as State of California (the "State") fund apportionments, taxes, use of money and property, and aid from other governmental agencies.

The District's financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board.

Funds used by the District are categorized as follows:

Governmental Funds	Fiduciary Funds	Proprietary Funds
General Fund	Agency Funds	Internal Service Funds
Special Revenue Funds		
Debt Service Funds		
Capital Project Funds		

The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the District and audited by independent certified public accountants each year. The District's audited financial statements for fiscal year 2018-19 are attached hereto as APPENDIX C. The District has not requested its auditor to provide any review or update of such financial statements in connection with their inclusion in this Official Statement. Certain information from the District's financial statements follows.

General Fund

The following table describes the District's audited financial results for the General Fund for fiscal years 2015-16 through 2018-19.

	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19
Revenues				
Revenue Limit Sources[1]	$267,192,019	$287,891,806	$299,039,374	$325,800,750
Federal Revenue	26,171,829	25,356,967	31,107,691	34,803,780
Other State Revenue	54,566,174	43,639,809	50,854,700	66,226,954
Other Local Revenue	2,609,996	4,539,055	2,470,702	5,488,802
Total Revenues	$350,540,018	$361,427,637	$383,472,467	$432,320,286
Expenditures				
Certificated Salaries	$135,725,960	$148,885,583	$153,658,606	$163,428,375
Classified Salaries	45,666,256	51,987,220	57,958,408	65,416,711
Employee Benefits	83,431,795	93,591,112	106,378,033	131,226,693
Books and Supplies	24,722,367	29,691,366	36,519,726	26,455,176
Services and operating expenditures	27,185,044	31,494,317	31,608,153	34,985,856
Capital Outlay	8,694,163	12,269,261	7,206,198	10,552,258
Other outgo	774,437	720,232	737,017	824,342
Direct/Indirect Costs	(862,105)	(781,393)	(807,425)	(756,209)
Total Expenditures	$325,337,917	$367,857,698	$393,258,716	$432,133,202
Excess (Deficiency) of Revenues Over Expenditures	25,202,101	(6,430,061)	(9,786,249)	187,084
Other Financing Sources (Uses)				
Other Sources (uses)				211,167
Operating Transfers In	–	–	–	-
Operating Transfers Out	(5,038,479)	(2,262,252)	(233,128)	–
Total Other Financing Sources (uses)	(5,038,479)	(2,262,252)	(233,128)	211,167
Net Changes in Fund Balances	20,163,622	(8,692,313)	(10,019,377)	398,251
Beginning Fund Balances, July 1	61,554,992	81,718,614	73,026,301	63,006,924
Ending Fund Balances, June 30	$ 81,718,614	$ 73,026,301	$ 63,006,924	$ 63,405,175

Source: The District.

District Revenues

The District's General Fund is used to account for the day-to-day operations of the District. The General Fund is divided into two sections: unrestricted and restricted. Unrestricted revenue may be spent at the District's discretion. Restricted funds are moneys that can only be used for the purposes allowed by the funding agency.

Other state Revenues, or categorical funds, consist primarily of restricted revenues that fund specific items, such as new curriculum and technology, special education programs, instructional materials, and mentor teachers.

State Lottery. The District receives a portion of the State Lottery (the "Lottery") revenues. Lottery revenues allocated to the District 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. Lottery net revenues (gross revenues less prizes and administration expenses) are allocated by computing an amount per ADA or full time equivalent ("FTE"). This figure is derived by dividing the total net revenues figures by the total ADA for grades K-12 and by the total FTE for the community colleges, University of California system and the California State University and College system. Each entity receives an amount equal to its total ADA or FTE, as applicable, multiplied by the per ADA or FTE figure. The Lottery revenues were $7,283,624 in fiscal year 2018-19. The Lottery revenues are budgeted to be approximately $6,461,910 in fiscal year 2019-20.

Developer Fees

The District maintains a fund separate and apart from its General Fund to account for developer fees collected by the District. Residential development is assessed a fee per square foot and the District collects a portion of that assessment. The following table sets forth the developer fees collected during fiscal years 2013-14 through 2018-19, and the projected developer fees to be collected during fiscal year 2019-20.

BAKERSFIELD CITY SCHOOL DISTRICT
Developer Fees
Fiscal Years 2013-14 through 2019-20

Fiscal Year	Developer Fees Collected
2013-14	$1,406,243
2014-15	1,530,320
2015-16	1,135,906
2016-17	1,530,173
2017-18	902,942
2018-19	930,488
2019-20[1]	1,000,000

[1] Estimated.
Source: The District.

Budgets of the District

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

California Assembly Bill 1200 ("A.B. 1200"), effective January 1, 1992, tightened the budget development process and interim financial reporting for school districts, enhancing the authority of the county schools superintendents' offices and establishing guidelines for emergency State aid apportionments. Many provisions affect District operations directly, while others create a foundation from which outside authorities (primarily state and county school officials) may impose actions on the District. A school district governing board must file with the county superintendent of schools a tentative budget by July 1 in each fiscal year and an adopted budget by September 8 of each fiscal year.

Under the provisions of A.B. 1200, school districts in the State must also conduct a review of their budgets according to certain standards and criteria established by the State Department of Education, and 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. A written explanation must be provided for any element in the budget that does not meet the established standards and criteria. The district superintendent or designee must certify that such a review has been conducted and the certification, together with the budget review checklist and a written narrative, must accompany the budget when it is submitted to the governing board for approval. The balanced budget requirement makes appropriations reductions necessary to offset any revenue shortfalls. The county office of education reviews the certification, completes the budget review checklist and conducts an analysis of any budget item that does not meet the established standards and issues either a positive, negative or qualified certification. A copy of the completed checklist, together with any comments or recommendations, must be provided to the district and its governing board by November 1. By November 30, every district must have an adopted and approved budget, or the county superintendent of schools will impose one. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or 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 two subsequent fiscal years. Each certification is based on then-current projections. Within the previous five fiscal years, the District has not received a qualified or negative certification from the County Office of Education. Presented on the following page are the District's adopted budgets for fiscal years 2015-16 through 2019-20. The District adopted its budget for fiscal year 2019-20 on June 25, 2019.

The following table compares the District's Board adopted budgets to audited actuals for fiscal years 2015-16 through 2018-19, and provides the fiscal year 2019-20 adopted budget. See APPENDIX C for the District's financial statements for fiscal year 2018-19.

BAKERSFIELD CITY SCHOOL DISTRICT
COMPARISON OF ADOPTED BUDGETS AND ACTUALS[1]

	2015-16 Original Budget	2015-16 Audited Actuals	2016-17 Original Budget	2016-17 Audited Actuals	2017-18 Original Budget	2017-18 Audited Actuals	2018-19 Original Budget	2018-19 Audited Actuals	2019-20 Original Budget	2019-20 First Interim[2]
Revenues										
Revenue Limit/LCFF Sources	$268,772,901	$267,192,019	$286,498,615	$287,891,806	$297,625,273	$299,039,374	$322,398,738	$325,800,750	$337,523,286	$336,268,966
Federal Revenues	27,519,663	26,171,829	26,674,668	25,356,967	31,242,184	31,107,691	32,830,075	34,803,780	36,152,398	40,086,804
Other State Revenues	46,392,855	54,566,174	44,379,957	43,639,809	46,413,577	50,854,700	51,125,654	66,226,954	44,939,625	45,209,061
Other Local Revenues	1,629,980	2,609,996	1,976,501	4,539,055	2,431,026	2,470,702	3,103,560	5,488,802	2,755,629	2,577,334
Total Revenues	$344,315,399	$350,540,018	$359,529,741	$361,427,637	$377,712,060	$383,472,467	$409,458,027	$432,320,286	$421,370,938	$424,142,165
Expenditures										
Current Expenditures										
Certificated Salaries	$143,219,671	$135,725,960	$145,687,407	$148,885,583	$162,182,607	$153,658,606	$166,421,399	$163,428,375	$164,513,423	$170, 434,082
Classified Salaries	45,374,325	45,666,256	50,043,856	51,987,220	54,608,418	57,958,408	62,044,090	65,416,711	66,922,755	66,843,753
Employee Benefits	78,642,381	83,431,795	95,203,928	93,591,112	113,403,646	106,378,033	120,541,626	131,226,693	123,475,476	125,410,711
Books and Supplies	23,631,696	24,722,367	25,195,162	29,691,366	25,622,412	36,519,726	24,178,408	26,455,176	35,874,989	34,666,465
Services and Other Operating Expenditures	27,630,591	27,185,044	28,876,828	31,494,317	30,224,739	31,608,153	36,530,479	34,985,856	39,321,468	40,855,373
Other Outgo/Indirect Costs	(19,527)	(87,668)	134,728	(61,161)	54,700	(70,408)	125,404	68,133	(2,111)	(908,124)
Capital Outlay	9,976,681	8,694,163	6,763,803	12,269,261	3,822,747	7,206,198	2,951,923	10,552,258	3,005,073	3,973,920
Total Expenditures	$328,455,818	$325,337,917	$351,905,716	$367,857,698	$389,919,269	$393,258,716	$412,793,329	$432,133,202	$433,111,073	$441,877,145
Excess (Deficiency) of Revenues Over Expenditures	15,859,581	25,202,101	7,624,025	(6,430,061)	(12,207,209)	(9,786,249)	(3,335,302)	187,084	(11,740,135)	(17,734,980)
Other Financing Sources (Uses)										
Other Sources	-	-	-	-	-	-	-	211,167	-	-
Operating transfers out	-	(5,038,479)	(2,339,015)	(2,262,252)	(339,015)	(233,128)	-		-	-
Total Other Financing Sources (Uses)	-	(5,038,479)	(2,339,015)	(2,262,252)	(339,015)	(233,128)	-	211,167	-	-
Net Change in Fund Balance	15,859,581	20,163,622	5,285,010	(8,692,313)	(12,546,224)	(10,019,377)	(3,335,302)	398,251	(11,740,135)	(17,734,980)
Fund Balances, July 1	61,554,992	61,554,992	81,718,614	81,718,614	73,026,301	73,026,301	63,006,924	63,006,924	63,405,175	56,354,537
Fund Balances, June 30	$77,414,573	$81,718,614	$87,003,624	$73,026,301	$60,480,077	$63,006,924	$59,671,622	$63,405,175	$51,665,040	$38,619557

(1) Totals may not add due to rounding.
(2) Projected totals.
Source: The District.

District Investments

The Kern County Treasurer and Tax Collector (the "Treasurer") manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the 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's Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the County's Treasury Pool, see the caption "THE KERN COUNTY TREASURY POOL" in the body of this Official Statement.

Significant Accounting Policies and Audited Financial Statements

The California State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the California School Accounting Manual. Eide Bailly LLP, Fresno, California, serves as independent auditor to the District and their report for the Fiscal Year Ended June 30, 2019, are attached hereto as APPENDIX C. The District's auditor has not specifically approved the inclusion of such excerpts herewith.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. For the District's most recent available audited financial statements, see APPENDIX C.

FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA

Public school district revenues consist primarily of guaranteed State moneys, *ad valorem* property taxes and funds received from the State and federal government in the form of categorical aid, which are amounts restricted to specific categories of use, under various ongoing programs. All State apportionment ("State Aid") is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to the District.

Historically, the majority of the District's annual General Fund revenues (unrestricted) have consisted of payments from or under the control of the State. Payments made to K-12 public schools and public colleges and universities are priority payments for State funds and are expected to be made prior to other State payment obligations. Although the State Constitution protects the priority of payments to K-12 schools, colleges and universities, it does not protect the timing of such payments, and other obligations may be scheduled and have been scheduled to be paid in advance of those dates on which payments to school districts are scheduled to be made.

On June 27, 2013, the State adopted a new method for funding school districts commonly referred to as the "Local Control Funding Formula (the "LCFF"). The LCFF was fully implemented in fiscal year 2018-19 – two years ahead of schedule. See "– *Local Control Funding Formula*" below for more information. Prior to adoption of the LCFF, the State used a revenue limit funding system, described below under "– *Revenue Limit Funding*."

Revenue Limit Funding. School districts in the State have historically received most of their revenues under a formula known as the "revenue limit." Generally, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. The revenue limit system of funding has been replaced by the LCFF. A description of the revenue limit system is included herein as the District has historically received financial assistance from the State pursuant to this method of appropriations.

Each school district's revenue limit, which was funded by State moneys and local *ad valorem* property taxes from the general 1% *ad valorem* property tax levy, was allocated based on the ADA of each school district for either the current or preceding school year. Generally, State Aid to a school district amounted to the difference between the school district's revenue limit and the school district's local property tax allocation from the general 1% *ad valorem* property tax levy. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

Local Control Funding Formula. Effective in fiscal year 2013-14, the State established the LCFF, a new system for funding school districts, charter schools and county offices of education. The LCFF replaces the revenue limit funding system, as well as many categorical programs. The LCFF distributes State resources to schools through a guaranteed base funding grant per unit of ADA (a "Base Grant"). The Base Grants per unit of ADA for each grade span are: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. Full implementation of the LCFF was accomplished in fiscal year 2018-19. During the implementation period, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. Beginning in fiscal year 2014-15, the Base Grants were adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will now be subject to appropriation for such adjustment in the annual State budget.

The Base Grants for grades K-3 are subject to adjustments of 10.4% to cover the costs of class size reduction. 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. The Base Grants for grades 9-12 are subject to adjustments of 2.6% for the provision of career technical education.

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; if the school district has students with both limited English proficiency and eligibility for reduced price meals, for instance, such students will not be duplicated for purposes of determining the additional funding grants. Foster youths automatically qualify for free or reduced priced meals. 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 the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold. The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2014-15 through 2018-19 and projections for fiscal year 2019-20 through fiscal year 2021-22.

BAKERSFIELD CITY SCHOOL DISTRICT
ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2014-15 through 2018-19 and Fiscal Year 2019-20 through 2021-22 Projections

	Average Daily Attendance[1]				Enrollment[2]	
Fiscal Year	**K-3**	**4-6**	**7-8**	**Total ADA**	**Total Enrollment**	**% of EL/LI Enrollment**
2014-15	13,775	9,290	5,509	28,574	30,076	89.45
2015-16	13,413	9,709	5,631	28,753	30,222	88.67
2016-17	13,505	9,663	5,750	28,918	30,372	89.88
2017-18	13,423	9,785	5,983	29,191	30,699	90.61
2018-19	13,553	9,583	6,275	29,411	30,782	90.48
2019-20[3]	13,494	9,668	6,230	29,392	30,793	90.48
2020-21[3]	13,537	9,699	6,251	29,487	30,893	90.48
2021-22[3]	13,582	9,729	6,272	29,583	30,993	90.48

(1) Reflects P-2 ADA.
(2) As of October report submitted to the California Basic Educational Data System. For purposes of calculating supplemental funding grants, a school district's fiscal year 2014-15 percentage of unduplicated EL/LI students will be expressed solely as a percentage of its total fiscal year 2014-15 total enrollment.
(3) Projected.
Source: The District.

The LCFF provides for a permanent economic recovery target ("ERT") add-on for school districts that would have received greater funding levels under the revenue limit system. The ERT is 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. 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.

Beginning July 1, 2014, school districts are required to develop a three-year Local Control and Accountability Plan (each, an "LCAP"). County Superintendent of Schools and the State Superintendent of Public Instruction will review and provide support to the districts and county offices of education under their jurisdiction. In addition, the Fiscal Year 2013-14 State Budget created the California Collaborative for Education Excellence (the "Collaborative") to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. The State Superintendent of Public Instruction may direct the Collaborative to provide additional assistance to any district, county office, or charter school. For those entities that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction has authority to make changes to the district or county office's local plan. For charter schools, the charter authorizer will be required to consider revocation of a charter if the Collaborative finds that the inadequate performance is so persistent and acute as to warrant revocation. The State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

State Assistance

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. **The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the Original Purchaser, Bond and Disclosure Counsel or the Owners of the Bonds to provide State budget information to the District or the Owners of the Bonds. Although they believe the State sources of information listed above are reliable, none of the District, Bond and Disclosure Counsel or the Original Purchaser assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites, including www.dof.ca.gov, which website is not incorporated herein by reference.**

Fiscal Year 2019-20 State Budget

On June 27, 2019, Governor Gavin Newsom signed the fiscal year 2019-20 budget (the "2019-20 State Budget"). The 2019-20 State Budget projects general fund revenues in the amount of $138.05 billion in fiscal year 2018-19 and $143.81 billion in fiscal year 2019-20. The 2019-20 State Budget projects that the State will end fiscal year 2018-19 with a reserve balance of approximately $19.75 billion, comprised of an approximate balance of $5.39 billion in the Special Fund for Economic Uncertainties ("SFEU") and an approximate balance of $14.36 billion in the Budget Stabilization Account ("BSA"). The 2019-20 State Budget projects that the State will end fiscal year 2019-20 with an approximately $17.93 billion reserve balance, comprised of approximately $1.41 billion in the SFEU and approximately $16.52 billion in the BSA. The 2019-20 State Budget includes a deposit of approximately $377 million to the PSSSA, however, such deposit did not trigger the school district reserve cap. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS– Proposition 2" in the forepart of this Official Statement.

The 2019-20 State Budget describes the State's financial situation as balanced, with a strong fiscal foundation as a result of paying down debts and building up reserves. The 2019-20 State Budget acknowledges the State's hard-won recovery and is centered on making necessary investments for a more effective government, promoting affordability and opportunity, and supporting justice and dignity for all Californians. For example, the 2019-20 State Budget includes $4.5 billion to eliminate debts and reverse deferrals, $5.5 billion to build reserves, and $4.3 billion to pay down unfunded retirement liabilities. The 2019-20 State Budget also addresses the unprecedented natural disasters which have occurred over the prior two years by proposing a one-time $50 million general fund expenditure for local grants and to immediately begin a comprehensive statewide education campaign on disaster preparedness and safety. The 2019-20 State Budget also includes a series of proposals to address early childhood education and improving early childhood health and wellness, and also creates a new "California EITC" by more than doubling the size of the State's earned income tax credit to $1 billion.

Under the 2019-20 State Budget, general fund expenditures for fiscal year 2019-20 are $147.8 billion (an increase of approximately $5.1 billion from fiscal year 2018-19 general fund expenditures), of which $58.8 billion (40%) is allocated to K-12 education. The 2019-20 State Budget provides Proposition 98 funding of $81.1 billion for fiscal year 2019-20.

The 2019-20 State Budget included the following significant adjustments affecting California K-12 school districts:

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

- Classified School Employees Summer Assistance Program – An increase of $36 million one-time Proposition 98 General Fund to provide an additional year of funding for this program, which provides a state match for classified employee savings used to provide income during summer months.

- AB 1840 Adjustments – An increase of $3.6 million one-time Proposition 98 General Fund for Inglewood Unified School District and $514,000 one-time Proposition 98 General Fund for Oakland Unified School District, amounting to 75 percent of the operating deficit of these districts, pursuant to Chapter 426, Statutes of 2018 (AB 1840).

- Special Olympics – An increase of $4 million one-time non-Proposition 98 General Fund for the Special Olympics of Northern and Southern California.

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

- Breakfast After the Bell – An increase of $500,000 one-time Proposition 98 General Fund to increase participation in the Breakfast After the Bell school nutrition program.

- Homeless Youth Education – An increase of $500,000 one-time Proposition 98 General Fund for the San Diego Unified School District to support the education of homeless youth.

- California Association of Student Councils – An increase of $150,000 one-time non-Proposition 98 General Fund to provide leadership development opportunities for financially disadvantaged students.

- San Francisco Unified School District Excess Tax Correction – An increase of $149.1 million one-time Proposition 98 General Fund to reflect a technical adjustment to excess property taxes related to a misallocation of these funds in 2016-17. Specifically, San Francisco did not properly calculate the excess tax allocation for the school district, which received taxes that should have been allocated to the county and city and special districts.

Additional Information. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Various analyses of the budget may be found at the website of the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, www.treasurer.ca.gov. The information presented in these websites is not incorporated by reference in this Official Statement.

Future State Budgets. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address any future budget deficits and cash management practices. Future State budgets will be affected by national and State economic conditions over which the District has no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues deferred revenues or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State Budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

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APPENDIX B

FORM OF BOND COUNSEL OPINION

[Closing Date]

Board of Education
Bakersfield City School District
1300 Baker Street
Bakersfield, California 93305

Re: $__________ Bakersfield City School District (Kern County, California)
General Obligation Bonds, Election of 2016, 2020 Series B

Ladies and Gentlemen:

We have acted as Bond Counsel to the Bakersfield City School District, County of Kern, State of California (the "District"), in connection with the issuance by the District of $__________ aggregate principal amount of its General Obligation Bonds, Election of 2016, 2020 Series B (the "Bonds"). The Bonds are issued pursuant to (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, as amended, (ii) applicable provisions of the Education Code of the State, as amended, (iii) Article XIIA of the California Constitution, and (iv) pursuant to a resolution of the Board of Education of the District adopted on December 17, 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. In connection thereto, we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted to us as copies conform to the originals.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the District, enforceable in accordance with their terms and the terms of the Resolution.

2. The Bonds are payable solely from and are secured by a pledge of *ad valorem* taxes which may be levied without limitation as to rate or amount upon all taxable real property in the District, and which, under the laws now in force with respect to the Bonds, may be levied within the limit prescribed by law upon all taxable personal property in the District, and from other available funds as set forth in the Resolution.

3. The Resolution has been duly authorized by the District and constitutes the legally valid and binding obligation of the District, enforceable in accordance with its terms. The

Bonds, assuming due authentication by the Paying Agent, are entitled to the benefits of the Resolution.

4. The Internal Revenue Code of 1986, as amended (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Bonds. Pursuant to the Resolution and the Tax and Nonarbitrage Certificate executed by the District in connection with the issuance of the Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Resolution and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

   Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

5. Interest on the Bonds is exempt from personal income taxes of the State of California under present state law.

6. Bond Counsel is further of the opinion that the excess of the principal amount of any maturity of the Bonds over the price at which a substantial amount of such maturity of the Bonds was sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Discount Bond" and collectively, the "Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment.

The opinions set forth in paragraphs 1, 2, and 3 above (i) assume that the Paying Agent has duly authenticated the Bonds and (ii) are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws), (b) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and (c) the limitations on legal remedies against government entities in the State of California.

In rendering the opinions set forth in paragraphs 4 and 6 above, we are relying upon representations and covenants of the District in the Tax Certificate concerning the investment and use of Bond proceeds, the rebate to the federal government of certain earnings thereon, and the use of the property and facilities financed with the proceeds of the Bonds. In addition, we have assumed that all such representations are true and correct and that the District will comply with such covenants. We express no opinion with respect to the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on our advice or opinion.

Except as stated in paragraphs 4 through 6, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other counsel.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters.

Our opinions are limited to matters of California law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions. We call attention to the fact that the opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken or omitted or events occurring or failing to occur after the date hereof. We have not undertaken to determine, or inform any person, whether any such actions are taken, omitted, occur or fail to occur.

Respectfully submitted,

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APPENDIX C

BAKERSFIELD CITY SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2019

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Annual Financial Statements
June 30, 2019

Bakersfield City School District

BAKERSFIELD CITY SCHOOL DISTRICT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Governing Board
Bakersfield City School District
Bakersfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bakersfield City School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bakersfield City School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13, budgetary comparison schedule on page 73, schedule of changes in the District's total OPEB liability and related ratios on page 74, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 75, schedule of the District's proportionate share of the net pension liability on page 76, and the schedule of District contributions on page 77, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bakersfield City School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019, on our consideration of the Bakersfield City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bakersfield City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bakersfield City School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Fresno, California
December 6, 2019

BAKERSFIELD CITY SCHOOL DISTRICT

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This section of the Bakersfield City School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019, with comparative information for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

> The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
>
> The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.
>
> The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Bakersfield City School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

In the Statement of Net Position and the Statement of Activities, we present the District activities as follows:

Governmental Activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade eight students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Funds. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

FINANCIAL HIGHLIGHTS

- The District's financial status continues to remain solid. The District is able to meet all of its current needs and maintain an adequate reserve.
- Overall revenues for all governmental activities were $468,514,421, which was $21,810,262 less than expenditures.
- The General Fund balance increased $140,887 excluding the impact of the consolidation of the Special Reserve Other Postemployment Benefits Fund and the Pupil Transportation Fund. The reserved nonspendable portion decreased by $38,732; the restricted portion decreased by $2,265,306; and the unassigned portion increased by $1,163,156.
- The District decreased the outstanding long-term obligations by $5,777,568; the decrease was primarily due to the annual required General Obligation Bonds debt service payments.
- Average Daily Attendance of the District increased by 0.75 percent.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(153,791,187) for the fiscal year ended June 30, 2019. Of this amount, $36,211,894 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities		
	2019	2018	Variance
Assets			
Current and other assets	$ 145,099,980	$ 163,436,447	$ (18,336,467)
Capital assets	254,242,271	232,734,728	21,507,543
Total Assets	399,342,251	396,171,175	3,171,076
Deferred Outflows of Resources	119,206,667	119,432,627	(225,960)
Liabilities			
Current liabilities	29,316,124	38,236,155	(8,920,031)
Long-term obligations	244,305,423	250,082,991	(5,777,568)
Aggregate net pension liability	377,135,086	344,312,175	32,822,911
Total Liabilities	650,756,633	632,631,321	18,125,312
Deferred Inflows of Resources	21,583,472	14,953,406	6,630,066
Net Position			
Net investment in capital assets	160,579,569	130,857,716	29,721,853
Restricted	36,211,894	47,275,854	(11,063,960)
Unrestricted	(350,582,650)	(310,114,495)	(40,468,155)
Total Net Position	**$ (153,791,187)**	**$ (131,980,925)**	**$ (21,810,262)**

The $(153,791,187) in net position of the governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 13.05 percent ($350,582,650) compared to ($310,114,495).

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. Table 2 takes the information from the Statement and rearranges the numbers slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities		
	2019	2018	Variance
Revenues			
Program revenues:			
Charges for services	$ 1,235,143	$ 1,000,829	$ 234,314
Operating grants and contributions	108,548,677	89,723,198	18,825,479
Capital grants and contributions	4,432,319	25,482,522	(21,050,203)
General revenues:			
Federal and State aid not restricted	317,980,681	286,626,506	31,354,175
Property taxes	27,355,629	29,201,751	(1,846,122)
Other general revenues	8,961,972	13,615,548	(4,653,576)
Total Revenues	468,514,421	445,650,354	22,864,067
Expenses			
Instruction related	359,624,447	328,950,861	30,673,586
Pupil services	60,905,688	52,756,169	8,149,519
Administration	20,789,248	18,880,867	1,908,381
Plant services	39,407,745	35,255,784	4,151,961
Other	9,597,555	9,127,309	470,246
Total Expenses	490,324,683	444,970,990	45,353,693
Change in Net Position	**$ (21,810,262)**	**$ 679,364**	**$ (22,489,626)**

Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities this year was $490,324,683. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $27,355,629 because the cost was paid by those who benefited from the programs totaling $1,235,143 or by other governments and organizations who subsidized certain programs with grants and contributions totaling $112,980,996. We paid for the remaining "public benefit" portion of our governmental activities with $317,980,681 in Federal and State unrestricted and $8,961,972 in other revenues, like interest, developer fees, and general entitlements.

In Table 3, we have presented the net cost of each of the District's largest functions: instruction related, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Net Cost of Services		
	2019	2018	Variance
Instruction related	$ 270,932,278	$ 239,297,607	$ 31,634,671
Pupil services	34,747,543	29,583,512	5,164,031
Administration	18,631,733	17,113,158	1,518,575
Plant services	37,757,965	34,351,395	3,406,570
All other services	7,798,386	8,418,769	(620,383)
Total	**$ 369,867,905**	**$ 328,764,441**	**$ 41,103,464**

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $95,881,074, which is a decrease of $14,530,534 from last year (Table 4).

Table 4

(Amounts in millions)	Balances	
	June 30, 2019	June 30, 2018
General	$ 63,405,175	$ 63,006,924
Child Development	655,048	536,093
Cafeteria	5,827,756	3,611,409
Building	4,226	4,304,377
Capital Facilities	4,068,630	3,899,161
County School Facilities	13,959,046	24,734,607
Special Reserve Capital Outlay	1,075,135	2,905,115
Bond Interest and Redemption	6,886,058	7,413,922
Total	**$ 95,881,074**	**$ 110,411,608**

The primary reasons for the changes are:

a. Our General Fund is our principal operating fund. The fund balance in the General Fund increased $398,251 to $63,405,175, a small increase from the prior year. Although State funding increased over the prior year, District spending on educational services increased in conjunction with the funding increase.
b. Our special revenue funds reported a net increase of $2,335,302. The majority of the increase was in the Cafeteria Fund which saw increases in the National School Lunch Program federal revenues.

c. The fund balance in the Bond Interest and Redemption Fund decreased $527,864 as debt service requirements in the current year exceeded tax collections.
d. The capital outlay funds showed a net decrease of $16,736,223 due primarily to on-going construction/modernization projects.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budgeted expenditures was an increase of $19,339,875 or (4.685 percent), excluding the impact of the consolidation of the Pupil Transportation Fund and the Special Reserve Other Postemployment Benefits Fund, as summarized below:

$6,126,467 or 1.484 percent increase in Instructional Services
$1,800,770 or 0.436 percent increase in Pupil Services
$10,975,085 or 2.659 percent increase in Plant Services
$437,553 or 0.106 percent increase in Other Supporting Services

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 24, 2019. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

These budget amendments fall into the following categories:

- Budgets are revised when revisions are made to the enacted or proposed state budget.
- Budgets are revised when negotiations are completed.
- Final amounts for state and federal grants become available and budgets are revised mid-year.
- New grants become available.
- Final budget revisions are made to cover all areas of expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had $254,242,271 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $21,507,543, or 9.24 percent, from last year (Table 5).

Table 5

	Governmental Activities		
	2019	2018	Variance
Land	$ 15,682,251	$ 15,254,749	$ 427,502
Construction in progress	30,547,804	34,708,848	(4,161,044)
Land improvements	33,507,973	30,054,875	3,453,098
Buildings and improvements	162,228,033	139,152,939	23,075,094
Furniture and equipment	12,276,210	13,563,317	(1,287,107)
Total	**$ 254,242,271**	**$ 232,734,728**	**$ 21,507,543**

This year's additions of $32,886,723 included on-going construction projects, various site improvements, portable classrooms, various site modernization projects, vehicles and cafeteria equipment. General obligation bonds were issued to help finance on-going construction projects.

Several capital projects are planned for the 2019-2020 year. We anticipate capital additions to be $24,966,976 for the 2019-2020 year. We present more detailed information about our capital assets in the Notes to Financial Statements.

Long-Term Obligations

At the end of this year, the District had $244,305,423 in long-term obligations versus $250,082,991 last year, a decrease of 2.31 percent. The outstanding obligations consisted of:

Table 6

	Governmental Activities		
	2019	2018	Variance
General obligation bonds	$ 98,275,390	$ 101,166,854	$ (2,891,464)
Bond premiums, net of amortization	3,749,475	5,014,535	(1,265,060)
Bond discounts, net of amortization	(754,944)	(806,744)	51,800
Compensated absences	2,388,925	1,409,236	979,689
Other postemployment benefits	140,505,799	143,299,110	(2,793,311)
Capital leases	140,778	-	140,778
Total	**$ 244,305,423**	**$ 250,082,991**	**$ (5,777,568)**

The District's general obligation bond ratings continue to be "A+ and Aa3" from Standard & Poor's and Moody's, respectively. We present more detailed information regarding our long-term obligations in the Notes to Financial Statements.

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of $377,135,086 versus $344,312,175 in the prior year, which is an increase of $32,822,911 or 9.53 percent. In addition, the District reported deferred outflows of resources from pension activities of $119,206,667, and deferred inflows of resources from pension activities of $16,109,747. We present more detailed information regarding our net pension liability in the Notes to the Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's economy, the increase or decrease of the student population, District bargaining agreements and rising employee pension costs are important factors affecting the future of the District and its financial status.

The 2019-20 fiscal year is a favorable for the District as State funding levels are sufficient to support the continuation of all existing services and programs. The State has provided full funding of the Local Control Funding Formula (LCFF), as well as, a 3.26 percent COLA. However, 2020-2021 is projected to receive a much more modest COLA of only 1.79 percent, half the amount expected for 2019-2020. In a COLA only environment, step-and column increases, employer pension increases, minimum wage increases and growing utility costs are anticipated to outpace the increase in revenues.

The District's enrollment continues to climb as it experiences the thirteenth consecutive year of enrollment growth. The growth in enrollment brings additional revenues to the District while also creating additional costs and facility issues. In October 2018 the District broke ground on a new elementary school located in the southeast area of the city which will open in August 2020 and bring relief to over impacted neighboring schools. Additionally, the District is currently in the process of purchasing land for a future school site to address overcrowding in the northeast.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Bakersfield City School District, Fiscal Services Department, 1300 Baker Street, Bakersfield, California, 93305.

BAKERSFIELD CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Deposits and investments	$ 120,974,122
Receivables	23,383,746
Stores inventories	742,112
Nondepreciable capital assets	46,230,055
Capital assets being depreciated	328,468,723
Accumulated depreciation	(120,456,507)
Total Assets	399,342,251
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	119,206,667
LIABILITIES	
Accounts payable	28,952,977
Unearned revenue	363,147
Long-term obligations:	
Current portion of long-term obligations other than pensions	4,195,389
Noncurrent portion of long-term obligations other than pensions	240,110,034
Total Long-Term Obligations	244,305,423
Aggregate net pension liability	377,135,086
Total Liabilities	650,756,633
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to net other postemployment benefits (OPEB) liability	5,473,725
Deferred inflows of resources related to pensions	16,109,747
Total Deferred Inflows of Resources	21,583,472
NET POSITION	
Net investment in capital assets	160,579,569
Restricted for:	
Debt service	6,886,058
Capital projects	18,027,676
Educational programs	5,470,404
Other activities	5,827,756
Unrestricted	(350,582,650)
Total Net Position	$ (153,791,187)

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

BAKERSFIELD CITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental Activities:				
Instruction	$ 303,489,180	$ 422,462	$ 63,879,473	$ 4,432,319
Instruction-related activities:				
Supervision of instruction	27,692,540	11,266	13,747,846	-
Instructional library, media, and technology	112,198	-	-	-
School site administration	28,330,529	-	274,756	-
Pupil services:				
Home-to-school transportation	13,693,521	1,064	433,209	-
Food services	23,734,624	53,993	23,232,125	-
All other pupil services	23,477,543	21,024	2,151,207	-
Administration:				
Data processing	4,672,063	191	100,127	-
All other administration	16,117,185	4,067	2,011,720	-
Plant services	39,407,745	35,786	1,613,994	-
Ancillary services	1,185,757	-	5,455	-
Community services	3,921,467	-	512,376	-
Enterprise services	252,724	20,695	23,056	-
Interest on long-term obligations	3,483,654	-	-	-
Other outgo	753,953	664,595	563,333	-
Total Governmental Activities	$ 490,324,683	$ 1,235,143	$ 108,548,677	$ 4,432,319

General revenues and subventions:
- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Taxes levied for other specific purposes
- Federal and State aid not restricted to specific purposes
- Interest and investment earnings
- Special and extraordinary items
- Miscellaneous

Subtotal, General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expenses) Revenues and Changes in Net Position
Governmental Activities
$ (234,754,926)
(13,933,428)
(112,198)
(28,055,773)
(13,259,248)
(448,506)
(21,305,312)
(4,571,745)
(14,101,398)
(37,757,965)
(1,180,302)
(3,409,091)
(208,973)
(3,483,654)
473,975
(376,108,544)
21,490,125
5,476,910
388,594
317,980,681
2,189,562
1,310,782
5,461,628
354,298,282
(21,810,262)
(131,980,925)
$ (153,791,187)

BAKERSFIELD CITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	County School Facilities Fund	Non-Major Governmental Funds
ASSETS			
Deposits and investments	$ 60,386,269	$ 14,208,971	$ 14,027,670
Receivables	16,743,338	853,611	5,684,497
Due from other funds	2,055,800	4,000	458,158
Stores inventories	139,961	-	602,151
Total Assets	$ 79,325,368	$ 15,066,582	$ 20,772,476
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 15,536,305	$ 1,107,536	$ 476,644
Due to other funds	24,516	-	1,775,204
Unearned revenue	359,372	-	3,775
Total Liabilities	15,920,193	1,107,536	2,255,623
Fund Balances:			
Nonspendable	195,708	-	603,578
Restricted	4,815,356	13,959,046	16,838,140
Committed	7,006,487	-	-
Assigned	44,154	-	1,075,135
Unassigned	51,343,470	-	-
Total Fund Balances	63,405,175	13,959,046	18,516,853
Total Liabilities and Fund Balances	$ 79,325,368	$ 15,066,582	$ 20,772,476

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

Total Governmental Funds
$ 88,622,910
23,281,446
2,517,958
742,112
$ 115,164,426
$ 17,120,485
1,799,720
363,147
19,283,352
799,286
35,612,542
7,006,487
1,119,289
51,343,470
95,881,074
$ 115,164,426

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balance - Governmental Funds		**$ 95,881,074**
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 374,698,778	
Accumulated depreciation is	(120,456,507)	
Net Capital Assets		254,242,271
Internal service funds are used by the District's management to charge the costs of the health and welfare and the workers' compensation insurance programs to the individual funds. The assets and liabilities of the internal service funds are included with governmental activities.		19,902,782
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	27,692,500	
Net change in proportionate share of net pension liability	29,977,668	
Difference between projected and actual earnings on pension plan investments	962,616	
Differences between expected and actual experience in the measurement of the total pension liability.	8,499,248	
Changes of assumptions	52,074,635	
Total Deferred Outflows of Resources Related to Pensions		119,206,667
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	(2,333,392)	
Difference between projected and actual earnings on pension plan investments	(10,002,980)	
Differences between expected and actual experience in the measurement of the total pension liability.	(3,773,375)	
Total Deferred Inflows of Resources Related to Pensions		(16,109,747)

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

BAKERSFIELD CITY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2019

Deferred inflows of resources related to OPEB represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB at year-end consist of differences between expectected and actual experience ($544,681) and changes of assumptions ($4,929,044).		$ (5,473,725)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(377,135,086)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
General obligation bonds, including original denominations	$ 90,531,619	
Bond premiums	3,749,475	
Bond discounts	(754,944)	
Compensated absences	2,388,925	
Capital leases	140,778	
Total other postemployment benefits (OPEB) liability	140,505,799	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest unmatured on the general obligation bonds to date is:	7,743,771	
Total Long-Term Obligations		(244,305,423)
Total Net Position - Governmental Activities		**$ (153,791,187)**

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

BAKERSFIELD CITY SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	County School Facilities Fund
REVENUES		
Local Control Funding Formula	$ 325,800,750	$ -
Federal sources	34,803,780	-
Other State sources	66,226,954	3,671,202
Other local sources	5,488,802	763,328
Total Revenues	432,320,286	4,434,530
EXPENDITURES		
Current		
Instruction	272,939,030	-
Instruction-related activities:		
Supervision of instruction	26,632,381	-
Instructional library, media and technology	111,301	-
School site administration	26,142,872	-
Pupil services:		
Home-to-school transportation	13,123,440	-
Food services	180,841	-
All other pupil services	21,984,821	-
Administration:		
Data processing	4,932,732	-
All other administration	13,280,242	-
Plant services	37,772,915	17,189
Ancillary services	1,155,741	-
Community services	3,759,915	-
Other outgo	753,953	-
Enterprise services	1,873	-
Facility acquisition and construction	9,290,756	15,192,902
Debt service		
Principal	70,389	-
Interest and other	-	-
Total Expenditures	432,133,202	15,210,091
Excess (Deficiency) of Revenues Over Expenditures	187,084	(10,775,561)
Other Financing Sources		
Proceeds from capital lease	211,167	-
NET CHANGE IN FUND BALANCES	398,251	(10,775,561)
Fund Balance - Beginning	63,006,924	24,734,607
Fund Balance - Ending	$ 63,405,175	$ 13,959,046

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

Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 325,800,750
25,408,257	60,212,037
5,169,051	75,067,207
7,422,936	13,675,066
38,000,244	474,755,060
2,651,064	275,590,094
244,381	26,876,762
-	111,301
67,981	26,210,853
-	13,123,440
22,748,700	22,929,541
-	21,984,821
-	4,932,732
775,640	14,055,882
781,591	38,571,695
-	1,155,741
-	3,759,915
-	753,953
242,281	244,154
7,053,452	31,537,110
4,225,000	4,295,389
3,363,378	3,363,378
42,153,468	489,496,761
(4,153,224)	(14,741,701)
-	211,167
(4,153,224)	(14,530,534)
22,670,077	110,411,608
$ 18,516,853	$ 95,881,074

BAKERSFIELD CITY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds		**$ (14,530,534)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceed depreciation in the period.		
Capital outlays	$ 32,886,723	
Depreciation expense	(11,379,180)	
Net Expense Adjustment		21,507,543
Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term obligations in the Statement of Net Position.		(211,167)
In the Statement of Activities compensated absences (vacations) 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). Vacation earned was more than the amounts paid by $979,689.		(979,689)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(34,205,212)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred inflows and net OPEB liability during the year.		(2,680,414)
In governmental funds, premiums and discounts are recognized in the period they are incurred. In the government-wide statements, these items are amortized over the life of the debt.		
Amortization of debt premium	1,265,060	
Amortization of discount	(51,800)	
Combined adjustment		1,213,260

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, Continued
FOR THE YEAR ENDED JUNE 30, 2019

Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:		
General obligation bonds	$	4,225,000
Capital lease obligations		70,389
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities includes additional accumulated interest that was accreted on the District's capital appreciation general obligation bonds and accrued interest on the general obligation bonds.		(1,333,536)
An internal service fund is used by the District's management to charge the costs of the insurance programs (health and welfare and workers' compensation) to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		5,114,098
Change in Net Position of Governmental Activities	**$**	**(21,810,262)**

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

BAKERSFIELD CITY SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities Internal Service Funds		
	Self Insurance Workers' Compensation Fund	Self Insurance Healthcare Fund	Totals
ASSETS			
Current Assets			
Deposits and investments	$ 13,345,684	$ 19,005,528	$ 32,351,212
Receivables	84,924	17,376	102,300
Total Assets	13,430,608	19,022,904	32,453,512
LIABILITIES			
Current Liabilities			
Accounts payable	6,835,027	4,997,465	11,832,492
Due to other funds	686,154	32,084	718,238
Total Current Liabilities	7,521,181	5,029,549	12,550,730
NET POSITION			
Unrestricted	5,909,427	13,993,355	19,902,782
Total Net Position	$ 5,909,427	$ 13,993,355	$ 19,902,782

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

BAKERSFIELD CITY SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities Internal Service Funds		
	Self Insurance Workers' Compensation Fund	Self Insurance Healthcare Fund	Totals
OPERATING REVENUES			
Charges for services	$ 2,381,623	$ 59,769,488	$ 62,151,111
Refunds and miscellaneous revenues	64,869	5,924,847	5,989,716
Total Operating Revenues	2,446,492	65,694,335	68,140,827
OPERATING EXPENSES			
Claim payments	2,173,188	60,902,219	63,075,407
Interfund and contracted service costs	537,238	-	537,238
Total Operating Expenses	2,710,426	60,902,219	63,612,645
Operating Income/(Loss)	(263,934)	4,792,116	4,528,182
NONOPERATING REVENUES			
Interest income	251,309	52,390	303,699
Fair market value adjustments	234,272	47,945	282,217
Total Nonoperating Revenues	485,581	100,335	585,916
Change in Net Position	221,647	4,892,451	5,114,098
Total Net Position - Beginning	5,687,780	9,100,904	14,788,684
Total Net Position - Ending	$ 5,909,427	$ 13,993,355	$ 19,902,782

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

BAKERSFIELD CITY SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Activities Internal Service Funds		
	Self Insurance Workers' Compensation Fund	Self Insurance Healthcare Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from premiums	$ 2,381,623	$ 59,769,488	$ 62,151,111
Cash received from refunds	64,869	5,924,847	5,989,716
Cash paid for claims	(2,622,060)	(59,022,555)	(61,644,615)
Cash paid for contracted services	(537,238)	(2,315,109)	(2,852,347)
Net Cash Provided/(Used) by Operating Activities	(712,806)	4,356,671	3,643,865
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Nonoperating funds received	374,111	4,224	378,335
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	221,977	46,457	268,434
Fair market value adjustments	234,272	47,945	282,217
Net Cash Provided by Investing Activities	456,249	94,402	550,651
Net Increase in Cash and Cash Equivalents	117,554	4,455,297	4,572,851
Cash and Cash Equivalents - Beginning	13,228,130	14,550,231	27,778,361
Cash and Cash Equivalents - Ending	$ 13,345,684	$ 19,005,528	$ 32,351,212
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES			
Operating income/(loss)	$ (263,934)	$ 4,792,116	$ 4,528,182
Changes in assets and liabilities:			
Accounts payable and loss estimate	(448,872)	(435,445)	(884,317)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	$ (712,806)	$ 4,356,671	$ 3,643,865

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

BAKERSFIELD CITY SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Agency Funds
ASSETS	
Deposits and investments	$ 127,049
LIABILITIES	
Due to student groups	$ 127,049

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Bakersfield City School District (the District) was established in 1882 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 8 as mandated by the State and/or Federal agencies. The District operates 33 elementary schools, seven middle schools, two junior high schools, one community day school, and two alternative sites for special education.

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

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

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

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 20, Special Reserve Other Postemployment Benefits Fund, and Fund 15, Pupil Transportation Fund, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in assets, fund balance, and revenues of $7,050,640, $7,050,640, and $257,365, respectively.

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Non-Major Governmental Funds

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

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

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

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

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

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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

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

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

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

Internal Service Funds Internal Service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a Self-Insurance Workers' Compensation Fund and a Self-Insurance Healthcare Fund that are accounted for as internal service funds.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in two columns on the face of the proprietary fund statements.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary funds.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

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

Cash and Cash Equivalents

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

Investments

Investments held at June 30, 2019, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Stores Inventories

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $15,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, 10 to 35 years; equipment, 5 to 15 years.

Interfund Balances

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

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accounts Payable and Long-Term Obligations

Accounts payable and long-term obligations are reported in the government-wide financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, compensated absences, special termination benefits, bonds, and other long-term obligations are recognized as liabilities in the entity-wide fund financial statements when due.

Debt Premiums and Discounts

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

In governmental fund financial statements, debt premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and OPEB related items.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balances - Governmental Funds

As of June 30, 2019, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $36,211,894 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are premiums charged to the operating funds to support the health and welfare and workers' compensation coverage. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

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

Property Tax

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

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	$ 120,974,122
Fiduciary funds	127,049
Total Deposits and Investments	$ 121,101,171

Deposits and investments as of June 30, 2019, consist of the following:

Cash on hand and in banks	$ 991,708
Cash in revolving	219,688
Investments	119,889,775
Total Deposits and Investments	$ 121,101,171

Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Fair Value	12 Months or Less	13 - 36 Months	37 - 60 Months
County Pool	$ 103,558,430	$ 48,672,462	$ 36,245,451	$ 18,640,517
State Investment Pool - LAIF	198	198	-	-
SISC III Investment Pool	16,331,147	16,331,147	-	-
Total	$ 119,889,775	$ 65,003,807	$ 36,245,451	$ 18,640,517

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in LAIF and SISC are not required to be rated, nor have they been rated as of June 30, 2019.

			Rating as of Year End			
Investment Type	Fair Value	Minimum Legal Rating	AAA	AA	A	Unrated
County Pool	$ 103,558,430	N/A	$ 13,980,388	$ 69,901,940	$ 17,397,816	$ 2,278,286
State Investment Pool - LAIF	198	N/A	-	-	-	198
SISC III Investment Pool	16,331,147	N/A	-	-	-	16,331,147
Total	$ 119,889,775		$ 13,980,388	$ 69,901,940	$ 17,397,816	$ 18,609,631

N/A - Not applicable

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, $527,617 of the District's cash balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District. These amounts include funds held by fiscal agents for the District's food service program and its Self-Insurance Funds.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in SISC III of $16,331,147, the District has a custodial credit risk exposure of $16,331,147 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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

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

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

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

The District's fair value measurements are as follows at June 30, 2019:

		Fair Value Measurements Using			
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
SISC III Investment Pool	$ 16,331,147	$ 16,331,147	$ -	$ -	$ -
County Pool	103,558,430	-	-	-	103,558,430
Local Agency Investment Funds	198	-	-	-	198
Total	$ 119,889,775	$ 16,331,147	$ -	$ -	$ 103,558,628

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

NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, consist of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	County School Facilities Fund	Non-Major Governmental Funds	Governmental Funds Total	Internal Service Funds	Total Governmental Activities
Federal Government						
Categorical aid	$13,152,002	$ -	$ 4,874,218	$ 18,026,220	$ -	$ 18,026,220
State Government						
State principal apportionment	283,821	-	-	283,821	-	283,821
State grants and entitlements	2,667,330	853,611	616,795	4,137,736	-	4,137,736
Local Sources	640,185	-	193,484	833,669	102,300	935,969
Total	$16,743,338	$ 853,611	$ 5,684,497	$ 23,281,446	$ 102,300	$ 23,383,746

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, are as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 15,254,749	$ 427,502	$ -	$ 15,682,251
Furniture and equipment - Aeries	97,650	-	97,650	-
Construction in progress	34,708,848	31,537,110	35,698,154	30,547,804
Total Capital Assets Not Being Depreciated	50,061,247	31,964,612	35,795,804	46,230,055
Capital Assets being depreciated				
Land improvements	44,326,131	5,517,313	-	49,843,444
Buildings and improvements	214,365,478	29,747,139	-	244,112,617
Furniture and equipment	33,273,199	1,453,463	214,000	34,512,662
Total Capital Assets Being Depreciated	291,964,808	36,717,915	214,000	328,468,723
Less Accumulated Depreciation				
Land improvements	14,271,256	2,064,215	-	16,335,471
Buildings and improvements	75,212,539	6,672,045	-	81,884,584
Furniture and equipment	19,807,532	2,642,920	214,000	22,236,452
Total Accumulated Depreciation	109,291,327	11,379,180	214,000	120,456,507
Governmental Activities Capital Assets, Net	$ 232,734,728	$ 57,303,347	$ 35,795,804	$ 254,242,271

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 10,320,944
Home-to-school transportation	22,737
Food services	355,506
Community services	4,168
All other general administration	608,643
Data processing	21,167
Plant services	46,015
Total Depreciation Expenses Governmental Activities	$ 11,379,180

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2019, between major and non-major governmental funds and internal service funds are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Funds		
General	$ 2,055,800	$ 24,516
County School Facilities	4,000	-
Total Major Governmental Funds	2,059,800	24,516
Non-Major Governmental Funds		
Child Development	-	132,300
Cafeteria	20,516	1,195,002
Building	-	447,902
Capital Facilities	63,068	-
Special Reserve Capital Outlay	374,574	-
Total Non-Major Governmental Funds	458,158	1,775,204
Subtotal All Governmental Funds	2,517,958	1,799,720
Self-Insurance	-	718,238
Total Governmental Activities	$ 2,517,958	$ 2,517,958

The General Fund owes the Cafeteria Non-Major Governmental Fund for rocket scan surveys.	$ 19,480
The General Fund owes the Cafeteria Non-Major Governmental Fund for correction to indirect costs.	1,036
The General Fund owes the County School Facilities Non-Major Governmental Fund for Prop 39 expenditures.	4,000
The Child Development Non-Major Governmental Fund owes the General Fund for retiree benefit costs.	34,131
The Child Development Fund owes the General Fund for operating costs.	432
The Child Development Non-Major Governmental Fund owes the General Fund for unemployment insurance charges.	266
The Child Development Non-Major Governmental Fund owes the General Fund for workers' compensation costs.	5,421
The Child Development Non-Major Governmental Fund owes the General Fund for indirect costs.	92,050
The Cafeteria Non-Major Governmental Fund owes the General Fund for a temporary loan.	250,000
The Cafeteria Fund Non-Major Governmental Fund owes the General Fund for operating costs.	12,114
The Cafeteria Non-Major Governmental Fund owes the General Fund for retiree benefit costs.	246,626
The Cafeteria Non-Major Governmental Fund owes the General Fund for unemployment charges	971
The Cafeteria Non-Major Governmental Fund owes the General Fund for workers' compensation costs.	20,096
The Cafeteria Fund owes the General Fund for indirect costs.	665,195
The Building Non-Major Governmental Fund owes the General Fund for facility project costs.	10,260
The Building Non-Major Governmental Fund owes the Capital Facilities Non-Major Governmental Fund for MLK construction costs.	63,068
The Building Non-Major Governmental Fund owes the Special Reserve Capital Non-Major Governmental Fund to close out the 2017 GOB Series A.	374,574
The Self Insurance Fund owes the General Fund for salary and benefit costs.	53,473
The Self Insurance Fund owes the General Fund for overpayment of workers' compensation fees.	664,765
Total	$ 2,517,958

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consist of the following:

	General Fund	County School Facilities Fund	Non-Major Governmental Funds	Governmental Funds Total	Internal Service Funds	Total Governmental Activities
Vendor payables	$ 6,195,908	$ 1,107,536	$ 317,819	$ 7,621,263	$ 11,832,492	$ 19,453,755
Salaries and benefits payable	8,766,471	-	158,825	8,925,296	-	8,925,296
State principal apportionment	573,926	-	-	573,926	-	573,926
Total	$ 15,536,305	$ 1,107,536	$ 476,644	$ 17,120,485	$ 11,832,492	$ 28,952,977

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	$ 8,740	$ -	$ 8,740
State categorical aid	237,051	3,775	240,826
Local financial assistance	113,581	-	113,581
Total	$ 359,372	$ 3,775	$ 363,147

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

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

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	$ 101,166,854	$ 1,333,536	$ 4,225,000	$ 98,275,390	$ 4,125,000
Bond premiums	5,014,535	-	1,265,060	3,749,475	-
Bond discounts	(806,744)	-	(51,800)	(754,944)	-
Capital lease	-	211,167	70,389	140,778	70,389
Compensated absences	1,409,236	1,720,397	740,708	2,388,925	-
Other postemployment benefits	143,299,110	-	2,793,311	140,505,799	-
Total	$ 250,082,991	$ 3,265,100	$ 9,042,668	$ 244,305,423	$ 4,195,389

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues. The capital lease will be paid by the General Fund. The compensated absences will be paid by the fund for which the employee worked. The contributions associated with the other postemployment benefits were funded by the General, Child Development, and Cafeteria Funds.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Series	Maturity Date	Interest Rate %	Original Issue	Bonds Outstanding July 1, 2018	Interest Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2019
Capital Appreciation Bonds:							
2012, C	2047	5.75-5.90	$ 16,146,619	$ 16,146,619	$ -	$ -	$ 16,146,619
Accreted interest on 2012 C bonds:				6,410,235	1,333,536	-	7,743,771
Current Interest Bonds:							
2012, B	2033	4.39	18,050,000	17,995,000	-	5,000	17,990,000
2012, D	2019	1.515-2.749	1,090,000	390,000	-	390,000	-
2015, A	2032	2.00-5.00	25,930,000	25,360,000	-	1,305,000	24,055,000
2015, E	2039	4.656-5.00	12,770,000	12,770,000	-	185,000	12,585,000
2015, F	2019	1.129-2.68	750,000	95,000	-	95,000	-
2017, A	2047	3.00-5.50	22,000,000	22,000,000	-	2,245,000	19,755,000
Total			$ 96,736,619	$ 101,166,854	$ 1,333,536	$ 4,225,000	$ 98,275,390

Debt Service Requirements to Maturity

2012 Series C General Obligation Bonds

Convertible Capital Appreciation Bonds

Fiscal Year	Principal
2037	$ 7,750,000
2042	17,070,000
2047	28,720,000
Total Requirements	53,540,000
Less Unaccreted Principal	(29,649,610)
Total Current Obligation	$ 23,890,390

Upon maturity of Capital Appreciation Bonds, the bonds convert to Current Interest Bonds with the following mandatory early redemption requirements:

Fiscal Year	Principal	Interest to Maturity	Total
2033-2037	$ 7,750,000	$ 11,930,423	$ 19,680,423
2038-2042	17,070,000	11,665,300	28,735,300
2043-2047	28,720,000	5,411,480	34,131,480
Total	$ 53,540,000	$ 29,007,203	$ 82,547,203

2012 Series B General Obligation Bonds

Current Interest Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 605,000	$ 789,761	$ 1,394,761
2021	750,000	763,202	1,513,202
2022	920,000	730,277	1,650,277
2023	815,000	689,889	1,504,889
2024	705,000	654,110	1,359,110
2025-2029	3,210,000	2,867,769	6,077,769
2030-2033	10,985,000	1,508,624	12,493,624
Total	$ 17,990,000	$ 8,003,632	$ 25,993,632

2015 Series A Refunding General Obligation Bonds

Current Interest Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 1,120,000	$ 989,350	$ 2,109,350
2021	1,065,000	943,275	2,008,275
2022	1,065,000	892,975	1,957,975
2023	1,055,000	850,525	1,905,525
2024	1,305,000	807,975	2,112,975
2025-2029	10,480,000	2,706,250	13,186,250
2030-2032	7,965,000	373,725	8,338,725
Total	$ 24,055,000	$ 7,564,075	$ 31,619,075

2015 Series E General Obligation Bonds

Current Interest Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 305,000	$ 607,630	$ 912,630
2021	335,000	593,429	928,429
2022	365,000	577,831	942,831
2023	390,000	560,837	950,837
2024	425,000	542,678	967,678
2025-2029	2,980,000	2,358,370	5,338,370
2030-2034	3,375,000	1,591,260	4,966,260
2035-2039	4,410,000	697,750	5,107,750
Total	$ 12,585,000	$ 7,529,785	$ 20,114,785

2017 Series A General Obligation Bonds

Current Interest Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2020	$ 2,095,000	$ 793,213	$ 2,888,213
2021	540,000	720,750	1,260,750
2022	625,000	688,712	1,313,712
2023	715,000	651,863	1,366,863
2024	335,000	622,988	957,988
2025-2029	2,050,000	2,786,376	4,836,376
2030-2034	1,775,000	2,424,063	4,199,063
2035-2039	2,885,000	2,047,476	4,932,476
2040-2044	4,725,000	1,309,500	6,034,500
2045-2047	4,010,000	249,600	4,259,600
Total	$ 19,755,000	$ 12,294,541	$ 32,049,541

Capital Lease

The District has entered into an agreement to lease a portable classroom. Such an agreement is, in substance, a purchase (capital lease) and is reported as a capital lease obligation. The District's liability on the lease agreement with option to purchase is summarized below:

Balance, July 1, 2018	$ -
Additions	211,167
Payments	70,389
Balance, June 30, 2019	$ 140,778

The capital lease has minimum lease payments at follows:

Year Ending June 30,	Lease Payment
2020	$ 70,389
2021	70,389
Total	$ 140,778

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to $2,388,925.

Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported total OPEB liability, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 138,563,908	$ 5,473,725	$ 2,773,965
Medicare Premium Payment (MPP) Program	1,941,891	-	(93,551)
Total	$ 140,505,799	$ 5,473,725	$ 2,680,414

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2019, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	260
Active employees	2,642
Total	2,902

Benefits Provided

The District's Retiree Health Insurance Program is a single-employer defined benefit postemployment healthcare plan administered by the Blue Cross Prudent Buyer Classic medical plan and the Navitus Health Solution prescription drug plan. For those employees with a hire date prior to January 1, 2007, the District provides District-paid medical and prescription drug coverage for full-time employees who retire on or after attaining age 55 with at least five years of service and are eligible to retire. For those employees with a hire date after January 1, 2007, the District provides District-paid medical and prescription drug coverage for full-time employees who retire on or after attaining age 55 with at least ten years of service. The District pays medical insurance premiums for the eligible retirees until age 65. This coverage is self-insured on a fully credible basis through the Self-Insured Schools of California (SISC III). The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Bakersfield Elementary Teacher Association (BETA), the local California Service Employees Association (CSEA), and unrepresented groups. Contributions are made on a pay-as-you-go basis. For fiscal year 2018-2019, the District contributed $7,984,603 to the Plan, of which $5,042,695 was used for current premiums, and $2,941,908 was credited by the actuary for the implicit subsidy.

Total OPEB Liability of the District

The District's total OPEB liability of $138,563,908 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3 percent
Salary increases	3 percent, average, including inflation
Investment rate of return	3.13 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6 percent for 2019 and on

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

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males and Females, as appropriate, without projection.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2018	$ 141,263,668
Service cost	7,029,073
Interest	4,558,847
Differences between expected and actual experience	(627,208)
Changes of assumptions or other inputs	(5,675,869)
Benefit payments	(7,984,603)
Net change in total OPEB liability	(2,699,760)
Balance, June 30, 2019	$ 138,563,908

Changes in Benefit Terms - There were not changes in the benefit terms since the previous valuation.

Changes in Assumptions - The plan rate of investment return assumption was changed from 3.62 percent to 3.13 percent since the previous valuation.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.13%)	$ 149,466,287
Current discount rate (3.13%)	138,563,908
1% increase (4.13%)	128,417,288

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (4%)	$ 123,584,147
Current healthcare cost trend rate (5%)	138,563,908
1% increase (6%)	156,204,318

OPEB Expense and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of $2,773,965. The District reported deferred inflows of resources totaling $5,473,725 for differences between projected and actual experience ($544,681) and changes in assumptions ($4,929,044).

	Deferred Inflows of Resources
Differences between expected and actual experience	$ 544,681
Changes of assumptions	4,929,044
Total	$ 5,473,725

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2020	$ (829,352)
2021	(829,352)
2022	(829,352)
2023	(829,352)
2024	(829,352)
Thereafter	(1,326,965)
Total	$ (5,473,725)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2019, the District reported a liability of $1,941,891 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively, was 0.5073 percent and 0.4838 percent, resulting in a net increase in the proportionate share of 0.0235 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of $(93,551).

Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2018, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018 is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (2.87%)	$ 2,147,829
Current discount rate (3.87%)	1,941,891
1% increase (4.87%)	1,755,945

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 1,770,809
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,941,891
1% increase (4.7% Part A and 5.1% Part B)	2,125,887

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	County School Facilities Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 55,747	$ -	$ 1,427	$ 57,174
Stores inventories	139,961	-	602,151	742,112
Total Nonspendable	195,708	-	603,578	799,286
Restricted				
Legally restricted programs	4,815,356	-	5,879,226	10,694,582
Capital projects	-	13,959,046	4,072,856	18,031,902
Debt services	-	-	6,886,058	6,886,058
Total Restricted	4,815,356	13,959,046	16,838,140	35,612,542
Committed				
Other postemployment benefits	7,006,487	-	-	7,006,487
Assigned				
Pupil transportation	44,154	-	-	44,154
Capital projects	-	-	1,075,135	1,075,135
Total Assigned	44,154	-	1,075,135	1,119,289
Unassigned				
Reserve for economic uncertainties	12,963,996	-	-	12,963,996
Remaining unassigned	38,379,474	-	-	38,379,474
Total Unassigned	51,343,470	-	-	51,343,470
Total	$ 63,405,175	$ 13,959,046	$ 18,516,853	$ 95,881,074

NOTE 11 - RISK MANAGEMENT

Joint Powers Agreements

The District participates in a joint powers agreement (JPA) with the Self-Insured Schools of California for its property and liability coverage (SISC II) and health and welfare benefits (SISC III). The District has entered into a service contract with the Self-Insured Schools of California Workers' Compensation (SISC I) program to provide claims administration services for the District's workers' compensation claims.

A board consisting of representatives from member districts governs each SISC JPA. The governing boards control the operation of the JPAs independent of any influence by the District beyond the District's representation on the governing board(s). Each JPA is independently accountable for its fiscal matters. These JPAs have budget and financial reporting requirements separate and independent from its member districts and are not subject to any approval other than that of the JPA governing board.

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, 2019, the District contracted with Self-Insured Schools of California Property and Liability Program (SISC II) for property and liability insurance coverage. Member districts pay a premium commensurate with the level of coverage requested and share surpluses and deficits proportionately to their participation. 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 2019, the District is self-insured for workers' compensation. The self-insurance program started in 1983-1984. The District has been self-insuring its workers' compensation program in California in accordance with *Insurance Code* 11870. The District entered into a service contract with Self-Insured Schools of California Workers' Compensation (SISC I) effective July 1, 1995, to provide claims administration services. The District pays an annual service fee to SISC I for these services. The District pays directly to Walter Mortensen Insurance the premium for excess workers' compensation coverage. Self-insured retention is currently $1,000,000. The District pays directly to the Kern Foundation for Medical Care the fees for the Medical Provider Network (MPN) services. The District is responsible for obtaining its own actuarial valuation. The firm of Glicksman Consulting LLC provides actuarial services for the District.

Employee Medical Benefits

The District has contracted with the Self-Insured Schools of California Health and Welfare Benefits JPA (SISC III) to provide employee health benefits. SISC III is a shared risk pool. Rates are set through an annual utilization review and calculation process. The District is considered a "credible" district within the SISC III pool for their medical and pharmacy claims. Being credible means they are responsible for and assume all risk for their own claims, up to $150,000 for medical claims, per member per plan year. The District participates in the regular SISC pool for dental and vision coverage. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all SISC III participating districts. SISC III has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Unpaid Claims Liabilities

The Self Insurance Funds establish a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2017 to June 30, 2019:

	Workers' Compensation	Health and Welfare
Liability Balance, July 1, 2017	$ 6,899,289	$ 4,997,913
Claims and changes in estimates	3,355,530	57,161,979
Claims payments	2,970,920	56,726,982
Liability Balance, June 30, 2018	7,283,899	5,432,910
Claims and changes in estimates	1,724,316	60,466,774
Claims payments	2,173,188	60,902,219
Liability Balance, June 30, 2019	$ 6,835,027	$ 4,997,465
Assets available to pay claims at June 30, 2019	$ 13,345,684	$ 19,005,528

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 259,775,031	$ 88,876,731	$ 16,109,747	$ 35,901,708
CalPERS	117,360,055	30,329,936	-	25,996,004
Total	$ 377,135,086	$ 119,206,667	$ 16,109,747	$ 61,897,712

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2019, 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%	10.205%
Required employer contribution rate	16.28%	16.28%
Required state contribution rate	9.828%	9.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were $23,713,454.

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

At June 30, 2019, 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	$ 259,775,031
State's proportionate share of the net pension liability associated with the District	148,733,354
Total	$ 408,508,385

The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.2826 percent and 0.2672 percent, resulting in a net increase in the proportionate share of 0.0154 percent.

For the year ended June 30, 2019, the District recognized pension expense of $35,901,708. In addition, the District recognized pension expense and revenue of $17,472,815 for support provided by the State. At June 30, 2019, 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	$ 23,713,454	$ -
Net change in proportionate share of net pension liability	24,000,974	2,333,392
Difference between projected and actual earnings on pension plan investments	-	10,002,980
Differences between expected and actual experience in the measurement of the total pension liability	805,552	3,773,375
Changes of assumptions	40,356,751	-
Total	$ 88,876,731	$ 16,109,747

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2020	$ 2,171,928
2021	(1,576,009)
2022	(8,392,110)
2023	(2,206,789)
Total	$ (10,002,980)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 12,449,655
2021	12,449,655
2022	12,449,656
2023	9,466,794
2024	10,537,714
Thereafter	1,703,036
Total	$ 59,056,510

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 380,540,021
Current discount rate (7.10%)	259,775,031
1% increase (8.10%)	159,649,135

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, 2017 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2019, 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%	7.00%
Required employer contribution rate	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were $3,979,046.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $117,360,055. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.4402 percent and 0.4070 percent, resulting in a net increase in the proportionate share of 0.0332 percent.

For the year ended June 30, 2019, the District recognized pension expense of $25,996,004. At June 30, 2019, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Pension contributions subsequent to measurement date	$ 3,979,046
Net change in proportionate share of net pension liability	5,976,694
Difference between projected and actual earnings on pension plan investments	962,616
Differences between expected and actual experience in the measurement of the total pension liability	7,693,696
Changes of assumptions	11,717,884
Total	$ 30,329,936

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2020	$ 3,501,245
2021	837,292
2022	(2,683,213)
2023	(692,708)
Total	$ 962,616

The deferred outflows of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2020	$ 10,917,122
2021	10,365,015
2022	4,106,137
Total	$ 25,388,274

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 170,870,628
Current discount rate (7.15%)	117,360,055
1% increase (8.15%)	72,965,375

SISC Defined Benefit Pension Plan (SDBP)

Plan Description

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 Self-Insured Schools of California (SISC) defined benefit plan as its alternative plan. For all employees who were members in the plan prior to January 1, 2014, the District is required to make contributions of 3.7 percent of the employees' salary. For all employees who entered the plan subsequent to January 1, 2014, the District is required to make contributions of 2.1 percent of the employees' salary and the employee is required to contribute 1.6 percent. There is no specified length of time an employee must work for the District in order to receive benefits. The benefits are 100 percent vested from the date of participation. The District made contributions of $111,261 to this plan during the fiscal year ended June 30, 2019, of which $53,471 was the employee portion. Copies of the SISC defined benefit plan annual financial report may be obtained from the SISC executive office.

All part-time, temporary, and seasonal (PTS) employees are eligible to participate in the SISC Defined Benefit Plan (SDBP), a multiple-employer public employee retirement plan. The District is part of a "cost-sharing" pool within SDBP. One actuarial valuation is performed for those employers participating in the pool, and the same contribution rate applies to each. At June 30, 2019, the District employed 219 PTS employees with a total payroll of $4,452,237.

Employees who retire on or after age 65 are entitled to a retirement benefit, payable monthly for life, equal to 1.5 percent of their average compensation multiplied by credited service up to 30 years. Average compensation is the employee's average monthly compensation for the highest three consecutive calendar years of employment. A year of credited service is received for each year in which the employee receives compensation for service with the employer. Credited service will not include periods of employment with the employer during which the employee is covered under another plan sponsored by the employer. Copies of the SDBP annual financial report may be obtained from their executive office.

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 $13,727,167 (9.828 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018-2019 contribution on behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule.*

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2019.

Construction Commitments

As of June 30, 2019, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Dr. Martin Luther King Jr. Elementary School	$ 23,000,000	2019-2020
Owens Primary expansion	12,736,017	2021-2022
Owens Intermediate conversion	14,496,232	2021-2022
Multiple sites - A/C and lighting upgrade	1,090,399	2019-2020
Multiple Sites - Additional classrooms for growth	713,200	2019-2020
Frank West Elementary School parking lot addition	163,377	2019-2020
Total	$ 52,199,225	

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Self-Insured Schools of California Workers' Compensation Program (SISC I), Self-Insured Schools of California Property and Liability Program (SISC II), Self-Insured Schools of California Health and Welfare Benefit Program (SISC III), Partners in Nutrition Cooperative (PINCO), and School Project for Utility Rate Reduction (SPURR) joint powers authorities (JPAs). The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. Payments for food and utilities received from the JPAs are paid to PINCO and SPURR, respectively. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

The District has appointed one member to the governing board of SISC I. During the year ended June 30, 2019, the District made payments of $2,482,171 to SISC I.

The District has appointed one member to the governing board of SISC II. During the year ended June 30, 2019, the District made a payment of $1,760,023 to SISC II.

The District has appointed one member to the governing board of SISC III. During the year ended June 30, 2019, the District made payments of $63,504,503 to SISC III.

The District has appointed one member to the governing board of PINCO. During the year ended June 30, 2019, the District made payments of $2,896,647 to PINCO.

The District has appointed no board members to the governing board of SPURR. During the year ended June 30, 2019, the District made payments of $430,074 to SPURR.

REQUIRED SUPPLEMENTARY INFORMATION

BAKERSFIELD CITY SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variances - Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
REVENUES				
Local Control Funding Formula	$ 322,398,738	$ 325,800,750	$ 325,800,750	$ -
Federal sources	32,830,075	34,803,783	34,803,780	(3)
Other State sources	51,125,654	66,226,955	66,226,954	(1)
Other local sources	3,103,560	5,488,802	5,488,802	-
Total Revenues	409,458,027	432,320,290	432,320,286	(4)
EXPENDITURES				
Current				
Certificated salaries	166,421,399	163,428,375	163,428,375	-
Classified salaries	62,044,090	65,416,711	65,416,711	-
Employee benefits	120,541,626	131,226,695	131,226,693	2
Books and supplies	24,178,408	26,455,176	26,455,176	-
Services and operating expenditures	36,530,479	34,985,857	34,985,856	1
Other outgo	125,404	(2,256)	(2,256)	-
Capital outlay	2,951,923	10,552,257	10,552,258	(1)
Debt service - principal	-	70,389	70,389	-
Total Expenditures	412,793,329	432,133,204	432,133,202	2
Excess (Deficiency) of Revenues Over Expenditures	(3,335,302)	187,086	187,084	(2)
Other Financing Sources				
Other sources	-	211,167	211,167	-
NET CHANGE IN FUND BALANCES	(3,335,302)	398,253	398,251	(2)
Fund Balance -Beginning	63,006,924	63,006,924	63,006,924	-
Fund Balance - Ending	$ 59,671,622	$ 63,405,177	$ 63,405,175	$ (2)

See accompanying note to required supplementary information.

BAKERSFIELD CITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 7,029,073	$ 6,359,129
Interest	4,558,847	4,856,687
Difference between expected and actual experience	(627,208)	-
Changes of assumptions	(5,675,869)	-
Benefit payments	(7,984,603)	(8,157,012)
Net change in total OPEB liability	(2,699,760)	3,058,804
Total OPEB liability - beginning	141,263,668	138,204,864
Total OPEB liability - ending	$ 138,563,908	$ 141,263,668
Covered-employee payroll	N/A [1]	N/A [1]
District's total OPEB liability as a percentage of covered-employee payroll	N/A [1]	N/A [1]

[1] The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

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

See accompanying note to required supplementary information.

BAKERSFIELD CITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,	2019	2018
District's proportion of the net OPEB liability	0.5073%	0.4838%
District's proportionate share of the net OPEB liability	$ 1,941,891	$ 2,035,442
District's covered-employee payroll	N/A [1]	N/A [1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A [1]	N/A [1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.40%	0.01%

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

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

See accompanying note to required supplementary information.

BAKERSFIELD CITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
District's proportion of the net pension liability	0.2826%	0.2672%
District's proportionate share of the net pension liability	$ 259,775,031	$ 247,141,153
State's proportionate share of the net pension liability associated with the District	148,733,354	146,206,618
Total	$ 408,508,385	$ 393,347,771
District's covered - employee payroll	$ 150,801,635	$ 145,046,932
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	172.26%	170.39%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%
CalPERS		
District's proportion of the net pension liability	0.4402%	0.4070%
District's proportionate share of the net pension liability	$ 117,360,055	$ 97,171,022
District's covered - employee payroll	$ 59,251,883	$ 51,781,221
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	198.07%	187.66%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%

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

See accompanying note to required supplementary information.

2017	2016	2015
0.2617%	0.2672%	0.2335%
$ 211,683,192	$ 179,919,780	$ 136,430,742
120,507,465	95,157,730	82,382,772
$ 332,190,657	$ 275,077,510	$ 218,813,514
$ 133,226,179	$ 124,928,468	$ 115,849,612
158.89%	144.02%	117.77%
70%	74%	77%
0.3933%	0.3892%	0.3584%
$ 77,686,442	$ 57,371,906	$ 40,692,770
$ 47,229,780	$ 43,104,732	$ 37,723,361
164.49%	133.10%	107.87%
74%	79%	83%

BAKERSFIELD CITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
Contractually required contribution	$ 23,713,454	$ 21,760,676
Contributions in relation to the contractually required contribution	23,713,454	21,760,676
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 145,660,037	$ 150,801,635
Contributions as a percentage of covered - employee payroll	16.28%	14.43%
CalPERS		
Contractually required contribution	$ 3,979,046	$ 9,202,410
Contributions in relation to the contractually required contribution	3,979,046	9,202,410
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 22,029,930	$ 59,251,883
Contributions as a percentage of covered - employee payroll	18.062%	15.531%

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

See accompanying note to required supplementary information.

2017	2016	2015
$ 18,246,904	$ 14,295,169	$ 11,093,648
18,246,904	14,295,169	11,093,648
$ -	$ -	$ -
$ 145,046,932	$ 133,226,179	$ 124,928,468
12.58%	10.73%	8.88%
$ 7,191,376	$ 5,595,312	$ 5,073,858
7,191,376	5,595,312	5,073,858
$ -	$ -	$ -
$ 51,781,221	$ 47,229,780	$ 43,104,732
13.888%	11.847%	11.771%

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

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

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

Changes in Benefit Terms - There were not changes in the benefit terms since the previous valuation.

Changes in Assumptions - The plan rate of investment return assumption was changed from 3.62 percent to 3.13 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability - MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Schedule of the District's Proportionate Share of the Net Pension Liability

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

Changes in Benefit Terms **-** There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions **-** There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education:			
Title I, Part A, Basic	84.010	14329	$ 18,871,813
ESSA: School Improvement Funding for LEAs	84.010	15428	233,732
Title I, Part C, Migrant Education	84.011	14326	2,738,384
Title II, Part A, Supporting Effective Instruction	84.367	14341	2,174,431
Title III, English Language Accquisition - Limited English Proficient	84.365	14346	1,276,220
Title III, English Language Acquisition - Immigrant Education	84.365	15146	33,493
Special Education Cluster			
Special Education, Part B Basic Local Assistance	84.027	13379	6,679,511
Special Education, Part B, Preschool Local Entitlement	84.027A	13682	82,044
Special Education, Part B, Preschool Grants	84.173	13430	108,037
Special Education, Part B, Local Assistance, Private School	84.027	10115	2,113
Special Education, Part B, Mental Health Allocation	84.027A	14468	359,142
Special Education, Preschool Staff Development	84.173A	13431	1,311
Special Education, Part B, Alternate Dispute Resolution	84.173A	13007	12,950
Subtotal Special Education Cluster			7,245,108
Special Education, Part C, Early Intervention	84.181	23761	61,630
Subtotal U.S. Department of Education			32,634,811
U.S. DEPARTMENT OF AGRICULTURE			
Farm to School	10.575	[1]	14,950
Passed Through California Department of Education:			
Fresh Fruit and Vegetable	10.582	14968	822,173
Child Nutrition Cluster			
National School Lunch	10.555	13391	16,584,161
Basic Breakfast	10.553	13525	18,319
Especially Needy Breakfast	10.553	13526	4,236,866
Meals Supplements - Snack	10.555	13391	775,217
Summer Food Program	10.559	13004	98,794
Food Distribution - Commodities	10.555	13391	1,546,994
Subtotal Child Nutrition Cluster			23,260,351
Subtotal U.S. Department of Agriculture			24,097,474

[1] Pass-Through Entity Identifying Number not applicable

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program	Federal Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Health Care Services:			
Medicaid Cluster			
Medi-Cal Billing Option	93.778	10013	$ 241,685
Medi-Cal Administrative Activities	93.778	10060	906,540
Subtotal Medicaid Cluster			1,148,225
Subtotal U.S. Department of Health and Human Services			1,148,225
Total Federal Programs			$ 57,880,510

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

ORGANIZATION

The Bakersfield City School District was established in 1882 and consists of an area comprising approximately 158 square miles in Kern County. The District operates 33 elementary schools, seven middle schools, two junior high schools, one community day school, and two alternative sites for special education. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Lillian Tafoya	President	2020
Dr. Fred L. Haynes	President Pro Tem	2020
Rev. Ralph Anthony	Clerk	2020
Pam Baugher	Clerk Pro Tem	2022
Michael Horne	Member	2022

ADMINISTRATION

Harry "Doc" Ervin	District Superintendent
Mark Luque	Assistant Superintendent, Educational Services
Dr. Diane Cox	Assistant Superintendent, Human Resources
Steve McClain	Assistant Superintendent, Business Services

See accompanying note to supplementary information.

BAKERSFIELD CITY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	13,539.17	13,566.59
Fourth through sixth	9,569.92	9,563.85
Seventh and eighth	6,264.42	6,248.58
Total Regular ADA	29,373.51	29,379.02
Extended Year Special Education		
Transitional kindergarten through third	9.70	9.70
Fourth through sixth	9.20	9.20
Seventh and eighth	7.80	7.80
Total Extended Year Special Education	26.70	26.70
Community Day School		
Transitional kindergarten through third	3.66	3.94
Fourth through sixth	4.18	5.67
Seventh and eighth	2.66	2.76
Total Community Day School	10.50	12.37
Total ADA	29,410.71	29,418.09

See accompanying note to supplementary information.

BAKERSFIELD CITY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019

Grade Level	1986-1987 Minutes Requirement	2018-2019 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	41,680	180	Complied
Grades 1 - 3	50,400			
Grade 1		51,200	180	Complied
Grade 2		51,200	180	Complied
Grade 3		51,200	180	Complied
Grades 4 - 8	54,000			
Grade 4		54,800	180	Complied
Grade 5		54,800	180	Complied
Grade 6		54,800	180	Complied
Grade 7		54,800	180	Complied
Grade 8		54,800	180	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) 2020 [1, 3]	2019 [3, 5]	2018 [3, 4]	2017 [3]
GENERAL FUND				
Revenues	$ 421,270,438	$ 432,062,922	$ 383,445,060	$ 361,346,751
Other sources and transfers in	-	211,167	-	-
Total Revenues	421,270,438	432,274,089	383,445,060	361,346,751
Expenditures	433,177,418	432,133,202	393,128,215	364,791,302
Other uses and transfers out	-	-	233,128	5,462,252
Total Expenditures and Other Uses	433,177,418	432,133,202	393,361,343	370,253,554
INCREASE/(DECREASE) IN FUND BALANCE	$ (11,906,980)	$ 140,887	$ (9,916,283)	$ (8,906,803)
ENDING FUND BALANCE	$ 44,447,555	$ 56,354,535	$ 56,213,648	$ 66,129,931
AVAILABLE RESERVES [2, 5]	$ 32,335,885	$ 51,343,470	$ 48,898,547	$ 61,585,100
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	7.5%	12.3%	12.4%	16.6%
LONG-TERM OBLIGATIONS [4]	Not Available	$ 244,305,423	$ 250,082,991	$ 248,287,228
AVERAGE DAILY ATTENDANCE AT P-2	29,539	29,411	29,191	28,917

The General Fund balance has decreased by $9,775,396 over the past two years. The fiscal year 2019-2020 budget projects a further decrease of $11,906,980 (21.13 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have decreased by $3,981,805 over the past two years.

Average daily attendance has increased by 494 over the past two years. Additional growth of 128 ADA is anticipated during fiscal year 2019-2020.

1 Budget 2020 is included for analytical purposes only and has not been subjected to audit.

2 Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.

3 General Fund amounts do not include activity related to the consolidation of the Pupil Transportation Fund and the Special Reserve Postemployment Benefits Fund as required by GASB Statement No. 54.

4 The balance of long-term obligations for the year ended June 30, 2017, has been restated due to the implementation of GASB Statement No. 75.

5 On behalf payments of $13,965,333 relating to Senate Bill 90 (Chapter 33, Statutes of 2019) have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

See accompanying note to supplementary information.

BAKERSFIELD CITY SCHOOL DISTRICT

PROPOSITION 10 GRANTS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

Revenues:		
State grant funds		$ 327,315
Expenditures:		
Certificated salaries	$ 101,554	
Classified salaries	91,769	
Employee benefits	91,683	
Books and supplies	25,906	
Services and other operating expenses	6,531	
Other outgo	9,872	
Total Expenditures		327,315
Excess of revenues over expenditures		$ -

See accompanying note to supplementary information.

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BAKERSFIELD CITY SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Building Fund
ASSETS			
Deposits and investments	$ 537,139	$ 1,403,667	$ 620,354
Receivables	289,666	5,238,740	6,527
Due from other funds	-	20,516	-
Stores inventories	-	602,151	-
Total Assets	$ 826,805	$ 7,265,074	$ 626,881
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 35,682	$ 242,316	$ 174,753
Due to other funds	132,300	1,195,002	447,902
Unearned revenue	3,775	-	-
Total Liabilities	171,757	1,437,318	622,655
Fund Balances:			
Nonspendable	-	603,578	-
Restricted	655,048	5,224,178	4,226
Assigned	-	-	-
Total Fund Balances	655,048	5,827,756	4,226
Total Liabilities and Fund Balances	$ 826,805	$ 7,265,074	$ 626,881

See accompanying note to supplementary information.

Capital Facilities Fund		Special Reserve Capital Outlay Fund		Bond Interest and Redemption Fund		Total Non-Major Governmental Funds	
$	3,908,559	$	699,556	$	6,858,395	$	14,027,670
	116,501		5,400		27,663		5,684,497
	63,068		374,574		-		458,158
	-		-		-		602,151
$	4,088,128	$	1,079,530	$	6,886,058	$	20,772,476
$	19,498	$	4,395	$	-	$	476,644
	-		-		-		1,775,204
	-		-		-		3,775
	19,498		4,395		-		2,255,623
	-		-		-		603,578
	4,068,630		-		6,886,058		16,838,140
	-		1,075,135		-		1,075,135
	4,068,630		1,075,135		6,886,058		18,516,853
$	4,088,128	$	1,079,530	$	6,886,058	$	20,772,476

BAKERSFIELD CITY SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Building Fund
REVENUES			
Federal sources	$ -	$ 24,097,475	$ -
Other State sources	3,093,424	2,012,364	-
Other local sources	323,744	158,369	113,153
Total Revenues	3,417,168	26,268,208	113,153
EXPENDITURES			
Current			
Instruction	2,651,064	-	-
Instruction-related activities:			
Supervision of instruction	244,381	-	-
School site administration	67,981	-	-
Pupil services:			
Food services	-	22,748,700	-
Administration:			
All other administration	92,050	664,159	-
Plant services	456	639,002	4,000
Enterprise services	242,281	-	-
Facility acquisition and construction	-	-	4,409,304
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	3,298,213	24,051,861	4,413,304
NET CHANGE IN FUND BALANCES	118,955	2,216,347	(4,300,151)
Fund Balance - Beginning	536,093	3,611,409	4,304,377
Fund Balance - Ending	$ 655,048	$ 5,827,756	$ 4,226

See accompanying note to supplementary information.

Capital Facilities Fund	Special Reserve Capital Outlay Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
$ -	$ -	$ 1,310,782	$ 25,408,257
-	-	63,263	5,169,051
1,070,982	70,219	5,686,469	7,422,936
1,070,982	70,219	7,060,514	38,000,244
-	-	-	2,651,064
-	-	-	244,381
-	-	-	67,981
-	-	-	22,748,700
19,431	-	-	775,640
-	138,133	-	781,591
-	-	-	242,281
882,082	1,762,066	-	7,053,452
-	-	4,225,000	4,225,000
-	-	3,363,378	3,363,378
901,513	1,900,199	7,588,378	42,153,468
169,469	(1,829,980)	(527,864)	(4,153,224)
3,899,161	2,905,115	7,413,922	22,670,077
$ 4,068,630	$ 1,075,135	$ 6,886,058	$ 18,516,853

BAKERSFIELD CITY SCHOOL DISTRICT

AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

ASSETS		
Cash	$	127,049
LIABILITIES		
Due to student groups		
Chipman Jr. High	$	32,504
Compton Jr. High		9,779
Curran		9,282
Emerson Middle		6,670
Hort		3,994
Garza		2,791
Harding		(3)
Voorhies		10,192
Eissler		5,495
Nichols		11,361
Pauly		3,369
Roosevelt		4,429
Sequoia Middle		6,635
Washington Middle		20,551
Total Liabilities	$	127,049

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist of General Obligation Bonds interest payment subsidy received by the District and the unspent portion of Medi-Cal Administrative Activities.

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		$ 60,212,037
Reconciling items:		
Medi-Cal Administrative Activities	93.778	(1,020,745)
General Obligation Bonds Interest Subsidy	Not Applicable	(1,310,782)
Total Schedule of Expenditures of Federal Awards		$ 57,880,510

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

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

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Proposition 10 Grants

This schedule discloses the District's revenues and expenditures that occurred during the fiscal year to support the School Readiness Initiative program (SRI). The program is funded from the Tobacco tax money referred to as Proposition 10 money. The program's objectives are to provide early care and educational services with Kindergarten transition programs, provide parenting and family support services, provide health and social services, and to assist in the school's capacity to prepare children and families for school success.

Non-Major Governmental Funds - Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

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

Agency Funds - Combining Balance Sheet

For each school site with an Associated Student Body (ASB), this schedule discloses the school site's individual ASB account balance. The total reported reconciles to the amount reported on the Fiduciary Funds - Statement of Net Position.

INDEPENDENT AUDITOR'S REPORTS

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

Governing Board
Bakersfield City School District
Bakersfield, 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 Bakersfield City School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Bakersfield City School District's basic financial statements, and have issued our report thereon dated December 6, 2019.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

We noted certain matters that we reported to management of Bakersfield City School District in a separate letter dated December 6, 2019.

Purpose of this Report

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

Eide Bailly LLP

Fresno, California
December 6, 2019

VTD IS NOW
EIDE BAILLY

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

Governing Board
Bakersfield City School District
Bakersfield, California

Report on Compliance for Each Major Federal Program

We have audited Bakersfield City School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bakersfield City School District's major Federal programs for the year ended June 30, 2019. Bakersfield City School District's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bakersfield City 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 Bakersfield City 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 Bakersfield City School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Bakersfield City 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, 2019.

Report on Internal Control over Compliance

Management of Bakersfield City 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 Bakersfield City 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 Bakersfield City School District's internal control over compliance.

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

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

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

Eide Bailly LLP

Fresno, California
December 6, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Bakersfield City School District
Bakersfield, California

Report on State Compliance

We have audited Bakersfield City School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 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 Bakersfield City School District's State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Bakersfield City School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Bakersfield City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Bakersfield City School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Bakersfield City School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	No (see below)
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
Comprehensive School Safety Plan	Yes
District of Choice	No (see below)
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No (see below)
CHARTER SCHOOLS	
Attendance	No (see below)
Mode of Instruction	No (see below)
Non Classroom-Based Instruction/Independent Study for Charter Schools	No (see below)
Determination of Funding for Non Classroom-Based Instruction	No (see below)
Annual Instruction Minutes Classroom-Based	No (see below)
Charter School Facility Grant Program	No (see below)

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

We did not perform Continuation Education procedures because the program is not offered by the District.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

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

Eide Bailly LLP

Fresno, California
December 6, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BAKERSFIELD CITY SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,736,415
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

BAKERSFIELD CITY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

BAKERSFIELD CITY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Management
Bakersfield City School District
Bakersfield, California

In planning and performing our audit of the financial statements of Bakersfield City School District (the District) for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 6, 2019, on the government-wide financial statements of the District.

EMERSON MIDDLE SCHOOL

Ticket Sales Recap Form and Master Ticket Log

Observation

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

Recommendation

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

Timely Deposits

Observation

During our audit of cash receipts, we found that some deposits are not made timely to the bank. We noted two instances where money was collected by the site and deposited to the bank over one month later. This can result in large cash balances being maintained where there is a greater chance of theft or the funds being lost or misplaced.

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Recommendation

All money collected by teachers and advisors should be brought to the front office to be stored in the safe on a daily basis. Deposits to the bank should be made weekly to minimize the amount of cash held at the site. During weeks of high activity there may be a need to make more than one deposit. The site should then deposit these collections to the bank within a week from when they were received from the site.

Cash Disbursements

Observation

During our audit of cash disbursements, we discovered a purchase made directly from cash collected from a fundraiser. The cash used to make this purchase had not been deposited into the ASB bank account. This disbursement did not have a pre-approval or an approved purchase order.

Recommendation

All funds received by the ASB need to be recorded and deposited into ASB account, and all purchases need to go through established purchasing procedures. Cash on hand received from fundraisers or other activities cannot be used for directly for purchases.

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

Eide Bailly LLP

Fresno, California
December 6, 2019

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Bakersfield City School District (the "District") in connection with the execution and delivery of $__________ aggregate principal amount of General Obligation Bonds, Election of 2016, 2020 Series B (the "Bonds"). The Bonds are being issued pursuant to Resolution adopted by the Board of Education of the District on December 17, 2019 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Original Purchaser described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Bondholders and in order to assist ________________ (the "Original Purchaser") 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 Certificate.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Designated Material Event" means any of the events listed in Section 6(a) of this Disclosure Certificate.

"Dissemination Agent" shall mean the District, or any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Dissemination Agent has evidenced its acceptance in writing.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system, which can be found at www.emma.msrb.org, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission in the future.

"Financial Obligation" means (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 "Material Event" means any of the events listed in Section 6(b) of this Disclosure Certificate.

"Material Events Disclosure" means dissemination of a notice of a Designated Material Event or Material Event as set forth in Section 6.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"State" shall mean the State of California.

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 January____, 2020.

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 240 days after the end of the District's fiscal year (currently ending June 30), commencing with the report for the Fiscal Year ending June 30, 2019, to provide to the MSRB through the EMMA System an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Certificate. 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 Certificate; 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 through the EMMA System an Annual Report by the date required in paragraph (a) above, the District shall send a notice to the MSRB through the EMMA System in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the electronic filing requirements of the MSRB for the Annual Reports; 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 Certificate, stating the date it was provided and confirming that it has been filed with the MSRB through the EMMA System.

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 EMMA System 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) Outstanding indebtedness and lease obligations, as of the preceding fiscal year;

(ii) General fund budget and actual results, as of the preceding fiscal year;

(iii) Average daily attendance and State funding information, or equivalent information, as may be reasonably available, as of the preceding fiscal year;

(iv) Assessed valuations, as of the most recent equalized assessed roll; and

(v) Largest local secured taxpayers, as of the most recent equalized assessed roll.

(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 the EMMA System 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 Designated Material Events and Material Events.

(a) The District agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following Designated Material 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 credit or liquidity providers or their failure to perform;

(v) Adverse tax opinions with respect to the tax status of the Bonds or the issuance by the Internal Revenue Service of a proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Bonds;

(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 District, any of which reflect financial difficulties.

For purposes of item (ix) above, the described event shall be deemed to occur when any of the following shall occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority have supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following Material 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, other material notices or determinations affecting 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; or

(vii) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent; or

(viii) Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect 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) Upon the occurrence of a Designated Material Event described in Section 6(a) hereof, or if the District determines that knowledge of a Material 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 of the Designated Material Event or Material Event 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 a Designated Material Event described in subsection (a)(vii) or a Material 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 Certificate 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 District 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 Certificate, 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 is 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, 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 Disclosure Certificate and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate under the following conditions, provided no amendment to this Disclosure Certificate 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 Certificate, 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 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 Designated Material Event or a Material Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event or Material Event.

Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event or Material Event, in addition to that which is required by this Disclosure Certificate.

SECTION 11. Default. The District shall give notice to the MSRB through the EMMA System 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 Certificate, 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 Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Original Purchaser 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 Certificate shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: __________, 2020

BAKERSFIELD CITY SCHOOL DISTRICT

By: ____
Interim Assistant Superintendent,
Business Services

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: BAKERSFIELD CITY SCHOOL DISTRICT

Name of Issue: $__________ General Obligation Bonds, Election of 2016, 2020 Series B

Date of Issuance: ______________, 2020

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-captioned Bonds as required by Section 4(a) of the Continuing Disclosure Certificate dated __________, 2020. The Issuer anticipates that the Annual Report will be filed by ___________________.

Dated: ______________________

BAKERSFIELD CITY SCHOOL DISTRICT

By: ____

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APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The information in this Appendix 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 Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, as to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption 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 Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, NY, 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 certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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. Such information is not incorporated herein by reference.

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, interest payments and redemption proceeds 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, the 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, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

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

The information in this Appendix 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.

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APPENDIX F

NOTICE OF SALE

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OFFICIAL NOTICE OF SALE

$22,000,000*
BAKERSFIELD CITY SCHOOL DISTRICT
(KERN COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2016, 2020 SERIES B

The Bakersfield City School District will receive sealed bids and electronic bids for the above-referenced bonds up to the time specified below:

SALE DATE:	Thursday, January 9, 2020 (Subject to postponement or cancellation in accordance with this Official Notice of Sale)
TIME:	9:00 a.m. (Pacific Standard Time)
DELIVERY DATE:	January 23, 2020

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

$22,000,000*
BAKERSFIELD CITY SCHOOL DISTRICT
(KERN COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2016, 2020 SERIES B

NOTICE IS HEREBY GIVEN that *electronic bids only* for the purchase of $22,000,000* aggregate principal amount of Bakersfield City School District (Kern County, California) General Obligation Bonds, Election of 2016, 2020 Series B (the "Bonds") will be received by Bakersfield City School District (the "District") at the time and in the form below specified:

DATE AND TIME: *Thursday, January 9, 2020, until 9:00 A.M. (Pacific Standard Time).**

SUBMISSION OF BIDS: Bids may be submitted (for receipt not later than the time set forth above) *electronically only* through the I-Deal LLC BiDCOMP/PARITY® system ("PARITY®"). See "FORM OF BID" herein.

ISSUE; BOOK ENTRY: $22,000,000* consisting of fully registered bonds. The Bonds will be dated as of their date of delivery, expected to be January 23, 2020*, and will be issued in denominations of $5,000 in principal amount or any integral multiple thereof. The Bonds will be issued through a book entry only system with no physical distribution of Bonds made to the public. The Depository Trust Company, New York, New York ("DTC"), will act as depository for the Bonds which will be held in its custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC, on behalf of the participants in the DTC system and the subsequent beneficial owners of the Bonds.

MATURITIES: The Bonds will mature, or be subject to mandatory sinking fund redemption, on the dates and in the amounts, as set forth in the following table. **Bidders will provide bids on the Total Principal Amount of the Bonds only.** *Each bidder is required to specify in its bid whether, for any particular year, the Bonds will mature or, alternately, be subject to mandatory sinking fund redemption in such year:*

[TABLE IS ON THE FOLLOWING PAGE]

* Preliminary, subject to change.

Principal Payment Date (November 1)	Total Principal Amount of Bonds*
2020	1,435,000
2021	1,065,000
2022	1,185,000
2025	25,000
2026	50,000
2027	140,000
2028	175,000
2029	215,000
2030	295,000
2031	350,000
2032	400,000
2033	460,000
2034	510,000
2035	565,000
2036	625,000
2037	685,000
2038	750,000
2039	825,000
2040	910,000
2041	990,000
2042	1,075,000
2043	1,165,000
2044	1,265,000
2045	1,365,000
2046	1,470,000
2047	1,930,000
2048	2,075,000
TOTAL	**$22,000,000**

ADJUSTMENT OF PRINCIPAL AMOUNT AND OF MATURITIES: The principal amounts set forth above for the Bonds may be adjusted either upward or downward in order to meet tax rate requirements after award of the Bonds has been made to the successful bidder ("Purchaser"). The Purchaser will be notified of the actual principal amounts and maturity schedule relating to the Bonds within twenty-six (26) hours after the expiration of the time prescribed for the receipt of proposals. Any increase or decrease will be in $5,000 increments of principal amounts. In the event of any such adjustment, no re-bidding or recalculation of the

* Preliminary, subject to change.

bids submitted will be required or permitted and no successful bid may be withdrawn. The Purchaser will not be permitted to change the interest rates of the Bonds in its bid.

INTEREST: The Bonds shall bear interest, calculated using a year of 360 days comprised of twelve 30-day months, at a rate or rates to be fixed upon the sale thereof but not to exceed 6% per annum, payable semiannually on each November 1 and May 1, commencing May 1, 2020.

PAYMENT: Principal of, premium, if any, and interest on any Bond are payable in lawful money of the United States of America. Principal and premium, if any, is payable upon surrender thereof at maturity or earlier redemption at the office designated by Zions Bancorporation, National Association (the "Paying Agent"). Interest on the Bonds will be payable by check or draft of the Paying Agent mailed by first class mail postage prepaid, to the owner at the address listed on the registration books maintained by the Paying Agent for such purpose, or by wire transfer to any owner of $1,000,000 aggregate principal amount or more of such Bonds, to the account specified by such owner in a written request to the Paying Agent.

REGISTRATION: The Bonds will be issued as fully registered bonds as to both principal and interest. The Bonds will be issued in the book-entry system of DTC, and the ownership of the Bonds will be registered to Cede & Co.

OPTIONAL REDEMPTION*: The Bonds maturing on or before November 1, 2028 are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on or after November 1, 2029, may be redeemed before maturity, at the option of the District, from any source of available funds, in whole or in part on any date on or after November 1, 2028, at par, together with interest accrued thereon to the date of redemption, without premium.

Whenever less than all of the outstanding Bonds are designated for redemption, the Paying Agent will select the Bonds for redemption in the manner directed by the District, or in the event the District shall fail to provide such direction, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in the Principal Amount of $5,000 or any integral multiple thereof.

SINKING FUND REDEMPTION*: Any bidder may, at its option, specify that one or more maturities of the Bonds will consist of term bonds which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof, as designated in the bid of such bidder. In the event that the bid of the Purchaser specifies that any maturity of Bonds will be term Bonds, such term Bonds will be subject to mandatory sinking fund redemption on November 1 in each year so designated in the bid, in the respective amounts for such years as set forth above under the heading "MATURITIES," at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

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* Preliminary, subject to change.

PURPOSE: A duly called election was held in the District on November 8, 2016, and thereafter canvassed pursuant to law. At such election there was submitted to and approved by the requisite fifty-five percent (55%) vote of the qualified electors of the District 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 voters to finance the District's construction, improvement, furnishing, acquisition and equipping of certain of its public facilities (the "Project"), in the maximum aggregate principal amount of $110,000,000 ("2016 Authorization") payable from the levy of an *ad valorem* tax against the taxable property in the District. The Bonds represent the second issue and series under the 2016 Authorization and are being issued to fund the Project and other authorized costs.

SECURITY: The Bonds are general obligations of the District. The Kern County Board of Supervisors has the power and is obligated to levy *ad valorem* taxes on taxable property within the District for the payment of the Bonds and the interest thereon without limitation as to rate or amount upon all property within the District subject to taxation (except for certain personal property, which is taxable at limited rates).

RATINGS: Moody's Investors Service has assigned the rating of "Aa3" to the Bonds. **The cost of obtaining such rating will be borne entirely by the District and not by the Purchaser**.

TERMS OF SALE

INTEREST RATE: No rate of interest may be bid which exceeds 6.00% per annum. Each rate bid must be a multiple of one-twentieth of one percent (1/20%) or one-eighth of one percent (1/8%). No Bond shall bear a zero rate of interest. No Bond shall bear more than one interest rate, and all Bonds of the same maturity shall bear the same interest rate. Each Bond must bear interest at the rate specified in the bid from its dated date to its fixed maturity date.

PREMIUM BIDS. No bid shall be for less than 102% of the aggregate principal amount of the Bonds. No bid shall be for more than 108% of the aggregate principal amount of the Bonds. Bond premium received will be applied to the payment of debt service on the Bonds. No bid shall provide for original issue premium, net of purchaser's compensation and bond insurance premium, if any, which results in remaining original issue premium that exceeds interest due on the Bonds in the first three years from the date of issuance.

BOND INSURANCE. The District has applied to Assured Guaranty Municipal Corporation and Build America Mutual Assurance Company in an attempt to qualify the Bonds for a financial guaranty insurance policy. If the District and the Purchaser elect to obtain a policy of bond insurance, the insurance premium and costs for any related ratings shall be paid by the Purchaser, and the District will not have any responsibility for the payment of such premium and costs.

PURCHASER'S DISCOUNT: The Purchaser's Discount shall not exceed 2.0% of the aggregate principal amount of the Bonds.

To the extent any instructions or directions set forth on PARITY® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about PARITY®, bidders may contact Fieldman, Rolapp & Associates, Inc. (the "Municipal Advisor") at (949) 660-7300 or PARITY® at (212) 404-8102.

THE DISTRICT RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY AND COMPLETE. NONE OF THE DISTRICT, THE MUNICIPAL ADVISOR, OR NIXON PEABODY, LLP ("BOND COUNSEL"), TAKES ANY RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE TIME FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE OR NOT RECEIVED.

EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH PARITY® AND THAT PARITY® IS NOT ACTING AS AN AGENT OF THE DISTRICT. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM PARITY® AND THE DISTRICT ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF PARITY®. THE DISTRICT SHALL ASSUME THAT ANY BID RECEIVED THROUGH PARITY® HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

THE DISTRICT WILL MAKE ITS BEST EFFORTS TO ACCOMMODATE ELECTRONIC BIDS; HOWEVER THE DISTRICT, THE MUNICIPAL ADVISOR AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR ACCEPTED BY THE OFFICIAL DEADLINE FOR RECEIPT OF BIDS. THE OFFICIAL TIME FOR RECEIPT OF BIDS WILL BE DETERMINED BY THE DISTRICT AND THE DISTRICT SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY PARITY® AS THE OFFICIAL TIME.

BEST BID: The Bonds will be awarded to the responsible bidder offering to purchase the Bonds at the lowest true interest cost ("TIC") to the District. The District requires that the maximum TIC for the Bonds not exceed 5.00%. The true interest cost of each bid will be determined on the basis of the present value of the aggregate future semiannual payments resulting from the interest rates specified by the bidder. The present value will be calculated to the dated date of the Bonds (assumed to be January 23, 2020*) and will be based on the proposed bid amount (par value plus any premium). For the purpose of making such determination, it shall be assumed that any Bonds designated as term Bonds by the bidder shall be deemed to be payable on the dates and in the amounts as shown under the section entitled "MATURITIES" herein. Each bidder is requested, but not required, to state in its bid the percentage TIC to the District, which shall be considered as informative only and shall not be binding on either the bidder or the District. The determination of the best bid by the District's Municipal Advisor shall be binding and conclusive on all bidders.

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* Preliminary, subject to change.

RIGHT OF CANCELLATION OF SALE BY DISTRICT: The District reserves the right, in its sole discretion, at any time to cancel the public sale of the Bonds. In such event, the District shall cause notice of cancellation of this invitation for bids and the public sale of the Bonds to be communicated through PARITY® as promptly as practicable. However, no failure to publish such notice or any defect or omission therein shall affect the cancellation of the public sale of the Bonds.

RIGHT TO MODIFY OR AMEND: The District reserves the right, in its sole discretion, to modify or amend this official Notice of Sale including, but not limited to, the right to adjust and change the principal amount and principal amortization schedule of the Bonds being offered, at any time prior to the date and time for the receipt of bids, through PARITY®.

RIGHT OF POSTPONEMENT BY DISTRICT: The District reserves the right, in its sole discretion, to postpone, from time to time, the date established for the receipt of bids. Any such postponement will be communicated through the PARITY® system prior to the date and time for the receipt of bids. If any date is postponed, any alternative sale date will be announced through the PARITY® system at least 24 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Bonds in conformity in all respects with the provisions of this Official Notice of Sale, except for the date of sale and except for the changes announced by through PARITY® at the time the sale date and time are announced.

RIGHT OF REJECTION: The District reserves the right, in its sole discretion, to reject any and all bids and to waive any irregularity or informality in any bid except that no bids will be accepted later than 9:00 A.M. (Pacific Standard Time) on January 9, 2020.

PROMPT AWARD: Pursuant to authority granted by the Board of Trustees of the District (the "Board"), the Superintendent of the District, or the Superintendent's designee, will take action awarding the Bonds or rejecting all bids not later than twenty-six (26) hours after the expiration of the time herein prescribed for the receipt of bids; provided, that the award may be made after the expiration of the specified time if the bidder shall not have given notice in writing of the withdrawal of such bid to the Board or the Superintendent.

PLACE OF DELIVERY; CANCELLATION FOR LATE DELIVERY: It is expected that the Bonds will be delivered to DTC for the account of the Purchaser within thirty (30) days from the date of sale thereof (assumed to be January 9, 2020). The Purchaser shall have the right, at its option, to cancel its obligation to purchase the Bonds if the Bonds are not tendered for delivery within thirty (30) days from the date of the sale thereof, and in such event the Purchaser shall be entitled to the return of the deposit accompanying his bid.

GOOD FAITH DEPOSIT: A good faith deposit ("Deposit") in the form of a certified or cashier's check or a wire transfer, in the amount of $100,000, payable to the order of the Paying Agent, must be remitted by the Purchaser within 48 hours after the acceptance of its bid. The Deposit shall be cashed by the Paying Agent on behalf of the District and shall then be applied toward the purchase price of the Bonds. If, after the award of the Bonds, the Purchaser fails to complete their purchase on the terms stated in their bid, the Deposit will be retained by the District. No interest on the Deposit will accrue to any bidder.

CHANGE IN TAX EXEMPT STATUS: At any time before the Bonds are tendered for delivery, the Purchaser may disaffirm and withdraw its proposal if the interest received by private holders from Bonds of the same type and character shall be declared taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable, or be required to be taken into account in computing federal income taxes (except alternative minimum taxes and environmental taxes payable by corporations) by any federal income tax law enacted subsequent to the date of this notice.

CLOSING PAPERS; BOND PRINTING: Each proposal will be understood to be conditioned upon the District furnishing to the Purchaser, without charge, concurrently with payment for and delivery of the Bonds, the following closing papers, each dated the date of delivery:

(a) The opinion of Bond Counsel, substantially in the form attached to the Preliminary Official Statement (as later defined herein) as APPENDIX B;

(b) A certificate of the District certifying that on the basis of the facts, estimates and circumstances in existence on the date of issue, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds;

(c) A certificate of the District, signed by officers and representatives of the District, certifying that the officers and representatives have signed the Bonds whether by facsimile or manual signature, and that they were respectively duly authorized to execute the same;

(d) The receipt of the District evidencing the receipt of the purchase price of the Bonds;

(e) A certificate of the District, certifying that there is no known litigation threatened or pending affecting the validity of the Bonds; and

(f) A certificate of the District, signed by an officer of the District, acting in his official capacity, to the effect that the Preliminary Official Statement, as of its date, and the final Official Statement ("Official Statement"), as of its date, and at all times subsequent thereto up to and including the time of the delivery of the Bonds, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CUSIP NUMBERS: The Municipal Advisor has applied for CUSIP registration on the Bonds and it is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor error with respect thereto shall constitute cause for a failure or refusal by the Purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses of printing CUSIP numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the Purchaser.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION: The Purchaser will be required, pursuant to State law, to pay any fees to the California Debt and Investment Advisory Commission when due.

ESTABLISHMENT OF ISSUE PRICE:

(a) The Purchaser shall assist the District in establishing the issue price of the Bonds in accordance with applicable requirements of the Internal Revenue Code, and shall execute and deliver to the District at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in one of the forms attached hereto as Exhibit A, as applicable, with such modifications as may be appropriate or necessary, in the reasonable judgment of the District and Bond Counsel. All actions to be taken by the District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's Municipal Advisor identified herein and any notice or report to be provided to the District may be provided to the District's Municipal Advisor.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

> the District shall disseminate this Notice of Sale to potential Underwriters (as defined below) in a manner that is reasonably designed to reach such potential Underwriters;
>
> all bidders shall have an equal opportunity to bid;
>
> the District anticipates receiving bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds;
>
> the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the District shall so advise the Purchaser. In such event, the District shall treat the first single price at which 10% of a Maturity (defined below) of the Bonds (the "10% test") is sold to the public as the issue price of that Maturity, applied on a Maturity-by-Maturity basis (and if different interest rates apply within a Maturity, to each separate CUSIP number within that Maturity), EXCEPT any Maturity of the Bonds identified by the Purchaser in writing within four hours of the time of the award as a hold-the-offering-price Maturity (each a "HTP Maturity"). Each HTP Maturity will be subject to the "Hold-the-Offering-Price Requirements" further described and set forth in subsection (e) below. **Bids will NOT be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

(d) In the event that the Competitive Sale Requirements are not satisfied, the Purchaser shall advise the District, within four hours of the time of award of the Bonds, which Maturities of the Bonds satisfy the 10% Test as of the date of award, and confirm any HTP Maturities which shall be subject to the Hold-the-Offering-Price Requirements. For each Maturity of the Bonds that does not satisfy the 10% Test, except for any HTP Maturity identified in writing within four hours of the time of award, the Purchaser agrees to promptly report to the District the prices at which the unsold Bonds of that Maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds of that Maturity or until all Bonds of that Maturity have been sold.

(e) By submitting a bid, each bidder (i) confirms that the bidder has offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the bidder and (ii) on behalf of the Underwriters participating in the purchase of the Bonds with the bidder, for each HTP Maturity identified and confirmed by the Purchaser, that such Underwriters will neither offer nor sell unsold Bonds of any such HTP Maturity to which the Hold-the-Offering-Price Requirements described in this subsection (e) shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the Sale Date; or

(2) the date on which the Underwriters have sold at least 10% of that HTP Maturity to the public at a price that is no higher than the initial offering price to the public.

The Purchaser shall promptly advise the District when the Underwriters have sold 10% of each HTP Maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

(f) The District acknowledges that, in making the representation set forth in subsection (e) above, the Purchaser will rely upon (i) the agreement of each Underwriter to comply with the Hold-the-Offering-Price Requirements, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price Requirements, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price Requirements, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price Requirements and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price Requirements as applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each Maturity allotted to it until it is notified by the Purchaser that either the 10% Test has been satisfied as to a Maturity or all Bonds of that Maturity have been sold to the public and (B) comply with the Hold-the-Offering-Price Requirements, in the event that the bidder intends to utilize the Hold-the-Offering-Price Requirements, in each case if and for so long as directed by the Purchaser and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(1) "Public" means any person other than an Underwriter or a Related Party;

(2) "Underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

(3) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities;

(4) a purchaser of any of the Bonds is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(5) "Sale Date" means the date that the Bonds are awarded by the District to the Purchaser.

DTC FEES: All fees due DTC with respect to the Bonds shall be paid by the Purchaser.

OFFICIAL STATEMENT: The District has caused to be prepared a Preliminary Official Statement describing the Bonds (the "Preliminary Official Statement") in a form deemed final by the District within the meaning of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for certain information which is permitted under said Rule 15c2-12 to be omitted from the Preliminary Official Statement. A copy of the Preliminary Official Statement will be furnished upon request to Fieldman, Rolapp & Associates, Inc., 19900 MacArthur Boulevard, Suite 1100, Irvine, CA 92612-2433, telephone (949) 660-7300. The District will furnish to the Purchaser within seven business days following the date of award, at no charge, no more than 25 copies of the Official Statement for use in connection with any resale of the Bonds.

DISCLOSURE CERTIFICATE: The District will deliver to the Purchaser of the Bonds a certificate of an official of the District, dated the date of Bond delivery, stating to the effect that the Preliminary Official Statement, as of its date, and the Official Statement, as of its date, and at all times subsequent thereto up to and including the time of the delivery of the Bonds, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and further certifying that the signatory knows of no material adverse change in the condition of the District which would make it unreasonable for the Purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds.

CONTINUING DISCLOSURE: In order to assist bidders in complying with the Rule, the District will undertake, pursuant to the resolution authorizing issuance of the Bonds and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

Dated: December 27, 2019

EXHIBIT A

ISSUE PRICE CERTIFICATE

(VERSION 1 – USED IF COMPETITIVE SALE REQUIREMENTS ARE SATISFIED (I.E., 3 BIDS FROM COMPETITIVE PROVIDERS ARE RECEIVED))

This certificate is being delivered by **___________________**, the purchaser (the "Purchaser") in connection with the issuance by the Bakersfield City School District (the "District") of the Bakersfield City School District (County of Kern, California) General Obligation Bonds, Election of 2016, 2020 Series B (the "Bonds"). The Purchaser hereby certifies and represents that:

1. *Reasonably Expected Initial Offering Price*.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed on Schedule A attached hereto (the "Initial Offering Prices"). The Initial Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

2. *Defined Terms*.

(a) *Maturity* means the Bonds maturing on the same date and bearing the same credit and payment terms. Bonds with different payment dates, or Bonds with the same payment date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter. The term "Related Party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is **____**, 2020.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Nixon Peabody LLP, Bond Counsel, in connection with rendering its opinion that the interest evidenced by the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

[PURCHASER]

By: ________________________________

Name: ______________________________

Dated: [EXECUTION AND DELIVERY DATE]

ISSUE PRICE CERTIFICATE

[VERSION 2 – USED IF THE COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED AND PURCHASER ELECTS TO UTILIZE THE 10% TEST FOR ALL MATURITIES]

This certificate is being delivered by _________________, the purchaser (the "Purchaser") in connection with the issuance by the Bakersfield City School District (the "District") of the Bakersfield City School District (County of Kern, California) General Obligation Bonds, Election of 2016, 2020 Series B (the "Bonds"). The Purchaser hereby certifies and represents that:

1. As of the date hereof, other than the Bonds listed on Schedule A hereto as undersold maturities (the "Undersold Maturities"), the first single price or yield at which at least 10% of each Maturity of the Bonds was sold by the Purchaser to the Public was the price set forth on Schedule A hereto.

2. With respect to the Undersold Maturities, the Purchaser agrees to notify the District in writing of the first single price or yield at which at least 10% of each such Undersold Maturity is ultimately sold by the Purchaser to the Public as soon as practicable after such applicable sales have occurred. If all of an Undersold Maturity is sold to the Public but not more than 10% of the Undersold Maturity is sold by the Purchaser to the Public at any particular price or yield, the Purchaser agrees to notify the District in writing of the amount of the Undersold Maturity sold by the Purchaser to the Public at each of the respective prices or yields at which the Undersold Maturity is sold to the Public.

3. ***Defined Terms***.

(a) *Maturity* means the Bonds maturing on the same date and bearing the same credit and payment terms. Bonds with different payment dates, or Bonds with the same payment date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter. The term "Related Party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is ____, 2019.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Nixon Peabody LLP, Bond Counsel, in connection with rendering its opinion that the interest evidenced by the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

[PURCHASER]

By: ______________________________

Name: ____________________________

Dated: [EXECUTION AND DELIVERY DATE]

ISSUE PRICE CERTIFICATE

[VERSION 3 --- USED IF THE COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED AND PURCHASER SELECTS HOLD-THE-OFFERING-PRICE RULE FOR CERTAIN MATURITIES

This certificate is being delivered by **______________________**, the purchaser (the "Purchaser") in connection with the issuance by the Bakersfield City School District (the "District") of the Bakersfield City School District (County of Kern, California) General Obligation Bonds, Election of 2016, 2020 Series B (the "Bonds"). The Purchaser hereby certifies and represents that:

1 As of the date hereof, other than the Bonds listed on Schedule A hereto as undersold maturities (the "Undersold Maturities"), the first single price or yield at which at least 10% of each Maturity of the Bonds was sold by the Purchaser to the Public was the price set forth on Schedule A hereto.

2. For each Undersold Maturity indicated on Schedule A as a 10% Rule Maturity (an "Undersold 10% Rule Maturity"), the Purchaser agrees to notify the District in writing of the first single price or yield at which at least 10% of each such Undersold 10% Rule Maturity is ultimately sold by the Purchaser to the Public as soon as practicable after such applicable sales have occurred. If all of an Undersold 10% Rule Maturity is sold to the Public but not more than 10% of the Undersold 10% Rule Maturity is sold by the Purchaser to the Public at any particular price or yield, the Purchaser agrees to notify the District in writing of the amount of the Undersold 10% Rule Maturity sold by the Purchaser to the Public at each of the respective prices or yields at which the Undersold 10% Rule Maturity is sold to the Public.

3. The Purchaser offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

4. As set forth in the Official Notice of Sale and bid award, the Purchaser has agreed in writing that, (i) for each Undersold Maturity of the Bonds identified on Schedule A as a HTP Maturity (an "Undersold HTP Maturity"), it would neither offer nor sell any of the Bonds of such Undersold HTP Maturity to any person at a price that is higher than the Initial Offering Price for such Undersold HTP Maturity during the Holding Period for such Undersold HTP Maturity (the "Hold-the-Offering-Price Requirement"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Requirement. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Undersold HTP Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Undersold HTP Maturity of the Bonds during the Holding Period.

5. ***Defined Terms***.

(a) *Holding Period* means, with respect to a HTP Maturity, the period starting on the Sale Date (_______) and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Undersold HTP Maturity to the Public at prices that are no higher than the Initial Offering Price for such Undersold HTP Maturity.

(b) *Maturity* means the Bonds maturing on the same date and bearing the same credit and payment terms. Bonds with different payment dates, or Bonds with the same payment date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter. The term "Related Party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is ____, 2020.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Nixon Peabody LLP, Bond Counsel, in connection with rendering its opinion that the interest evidenced by the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

[PURCHASER]

By: ________________________________

Name: ______________________________

Dated: [EXECUTION AND DELIVERY DATE]

SCHEDULE A TO ISSUE PRICE CERTIFICATE

TO BE USED IF COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED

THE PURCHASER SHALL IDENTIFY WHICH MATURITIES OF THE BONDS WILL BE SUBJECT TO THE 10% RULE AND WHICH TO THE HOLD-THE-OFFERING PRICE RULE AS DESCRIBED IN THE OFFICIAL NOTICE OF SALE.

Payment Date (November 1)	Principal Amount	Interest Rate	Yield	Issue Price	10% Rule Maturity	HTP Maturity

SCHEDULE B TO ISSUE PRICE CERTIFICATE

PRICING WIRE (OR EQUIVALENT COMMUNICATION) (OR BID SUBMITTED, AS APPLICABLE)