This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 28, 2020**

**NEW ISSUE - FULL BOOK-ENTRY** **RATING: S&P "A"**
**BANK QUALIFIED** **See "RATING" herein.**

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

# $3,300,000*
# LATON JOINT UNIFIED SCHOOL DISTRICT
## (Fresno and Kings Counties, California)
## General Obligation Bonds, Election of 2018, Series B
## (Bank Qualified)

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

***Authority and Purpose.*** The bonds captioned above (the "Bonds") are being issued by the Laton Joint Unified School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on February 26, 2020 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on June 5, 2018, which authorized the issuance of $7,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities (the "2018 Authorization"). The Bonds are the second and final series of bonds to be issued under the 2018 Authorization. See "THE BONDS – Authority for Issuance" and "- Purpose of Issue" herein.

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

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

***Payments.*** The Bonds are being issued as Capital Appreciation Bonds and Current Interest Bonds, as described herein. The Current Interest Bonds are dated the date of delivery and interest with respect to the Current Interest Bonds accrues from the date of delivery and is payable at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2020. The Capital Appreciation Bonds are dated the date of delivery and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing on August 1, 2020. Payments of principal of (or Maturity Value), and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. The Bonds will be issued in denominations of $5,000 principal amount (or Maturity Value in the case of Capital Appreciation Bonds) or any integral multiple thereof. See "THE BONDS - Description of the Bonds."

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

***Bond Insurance***. The District has applied for bond insurance to guarantee the scheduled payment of principal and Maturity Value of and interest on the Bonds, and, if a commitment is issued to insure the Bonds, will determine prior to the sale of the Bonds whether to obtain such insurance.

**MATURITY SCHEDULE**
(See inside cover)

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

*The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Dannis Woliver Kelley, Long Beach, California is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about March 18, 2020.*

O'CONNOR & COMPANY SECURITIES
PUBLIC FINANCE

The date of this Official Statement is ______, 2020.

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* *Preliminary; subject to change.*

# MATURITY SCHEDULE*

**$________**
**LATON JOINT UNIFIED SCHOOL DISTRICT**
**(Fresno and Kings Counties, California)**
**General Obligation Bonds, Election of 2018, Series B**
**(Bank Qualified)**

**Base CUSIP†: 518297**

**Current Interest Bonds**

| Maturity Date (August 1) | Principal Amount* | Interest Rate | Yield | Price | CUSIP† |
|---|---|---|---|---|---|
| 2041 | $105,000 | | | | |
| 2042 | 125,000 | | | | |
| 2043 | 145,000 | | | | |
| 2044 | 160,000 | | | | |
| 2045 | 175,000 | | | | |
| 2046 | 265,000 | | | | |
| 2047 | 215,000 | | | | |
| 2048 | 270,000 | | | | |
| 2049 | 685,000 | | | | |
| 2050 | 745,000 | | | | |

**$______ Denominational Amount ($730,000* Maturity Value)**
**Capital Appreciation Bonds**

| Maturity Date (August 1) | Initial Principal Amount | Reoffering Yield To Maturity | Maturity Value* | CUSIP† |
|---|---|---|---|---|
| 2027 | | | $10,000 | |
| 2028 | | | 25,000 | |
| 2029 | | | 20,000 | |
| 2030 | | | 25,000 | |
| 2031 | | | 30,000 | |
| 2032 | | | 40,000 | |
| 2033 | | | 45,000 | |
| 2034 | | | 55,000 | |
| 2035 | | | 60,000 | |
| 2036 | | | 70,000 | |
| 2037 | | | 75,000 | |
| 2038 | | | 80,000 | |
| 2039 | | | 90,000 | |
| 2040 | | | 105,000 | |

** Preliminary; subject to change.*
*† CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.*

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

***Use of Official Statement***. 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. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

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

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

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

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

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

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

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

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

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

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

# LATON JOINT UNIFIED SCHOOL DISTRICT

### BOARD OF EDUCATION

Daniel Vargas, *President*
Earl Yecny, *Clerk*
Nikki Alford, *Member*
Cindy Brooks, *Member*
Rich Olson, *Member*

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### DISTRICT ADMINISTRATION

Lupe Nieves, *Superintendent*
Reatha Martinez, *Chief Business Official*

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## PROFESSIONAL SERVICES

### FINANCIAL ADVISOR

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

### BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
*San Francisco, California*

### UNDERWRITER'S COUNSEL

Dannis Woliver Kelley
*Long Beach, California*

### BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

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

# TABLE OF CONTENTS

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**\$3,300,000***
**LATON JOINT UNIFIED SCHOOL DISTRICT**
**(Fresno and Kings Counties, California)**
**General Obligation Bonds, Election of 2018, Series B**
**(Bank Qualified)**

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

## INTRODUCTION

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

***The District***. The District provides educational services to the residents of Laton, a small rural community west of Highway 99 and north of Highway 198, in the County of Fresno and the County of Kings (each a "**County**" and, together, the "**Counties**"). The District currently operates one elementary school, one middle school, and one high school, serving approximately 660 students.

For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See also APPENDIX C hereto for demographic and other statistical information regarding Fresno County.

***Purpose of Issue***. The net proceeds of the Bonds will be used to finance the upgrading and repair of school facilities as approved by the voters at an election held in the District on June 5, 2018 (the **"Bond Election"**). See "THE BONDS - Purpose of Issue" herein.

***Authority for Issuance of the Bonds.*** Issuance of the Bonds was approved by the requisite 55% of the voters of the District voting at the Bond Election and will be issued pursuant to certain provisions of the Government Code of the State, commencing with Section 53506 thereof, and pursuant to a resolution adopted by the Board of Trustees of the District on February 26, 2020 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

***Description of the Bonds***. The Bonds are being issued as current interest bonds (the "**Current Interest Bonds**") and capital appreciation bonds (the "**Capital Appreciation Bonds**"). Interest with respect to the Current Interest Bonds accrues from the date of delivery and is payable at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2020. The Capital Appreciation Bonds are dated the

* *Preliminary; subject to change.*

date of delivery and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2020. See "THE BONDS – Description of the Bonds."

***Payment and Registration of the Bonds.*** The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to actual purchasers of the Bonds (the "**Beneficial Owners**") in the denominations set forth on the cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through participants in DTC's book-entry only system ("**DTC Participants**") as described herein. Beneficial Owners will not be entitled to receive physical delivery of Bonds. See APPENDIX F.

If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Bond Resolution described herein. See "THE BONDS - Registration, Transfer and Exchange of Bonds" herein.

***Security and Sources of Payment for the Bonds***. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the Counties. The Counties are empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property, which is taxable at limited rates). The Bonds are the second and final series of bonds issued pursuant to the 2018 Authorization. See "SECURITY FOR THE BONDS."

Following the issuance of the Bonds, there will be no remaining 2018 Authorization. See "DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations" in APPENDIX A.

***Offering and Delivery of the Bonds.*** The Bonds are offered when, as and if issued and received by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, bond counsel to the District (**"Bond Counsel"**).

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

***Legal Matters.*** Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, will serve as Disclosure Counsel to the District. Dannis Woliver Kelley, Long Beach, California, is serving as counsel to the Underwriter. Payment of the fees of Bond Counsel, Disclosure Counsel, and Underwriter's Counsel is contingent upon issuance of the Bonds.

***Tax-Exempt Status; Bank Qualification.*** In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 (the **"Tax Code"**). Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Tax Code) to deduct its interest expense allocable to interest payable on the Bonds. See "TAX MATTERS" and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

***Bond Insurance.*** The District has applied for bond insurance to guarantee the scheduled payment of principal and Maturity Value of and interest on the Bonds and, if a commitment is issued to insure the Bonds, will determine prior to the sale of the Bonds whether to obtain such insurance.

***Continuing Disclosure.*** The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate is attached as APPENDIX E. See "CONTINUING DISCLOSURE" for additional information.

***Other Information.*** This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the District from the Superintendent's Office at 6259 East DeWoody, Laton, California 93242, Telephone (559) 922-4015. The District may impose a charge for copying, mailing and handling.

*END OF INTRODUCTION*

*[Remainder of page intentionally left blank.]*

# THE BONDS

## Authority for Issuance

The Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and the Bond Resolution. The District received authorization to issue general obligation bonds in a principal amount of $7,000,000 at the June 5, 2018 election. On October 2, 2018, the District issued its General Obligation Bonds Election of 2018, Series A in the aggregate principal amount of $3,700,000 (the "**Series A Bonds**"). The Bonds are the second and final series of bonds issued pursuant to the 2018 Authorization. Following the issuance of the Bonds, there will be no remaining 2018 Authorization.

See "DEBT SERVICE SCHEDULES – Combined General Obligation Bonds Debt Service Schedule."

## Purpose of Issue

The proceeds of bonds issued pursuant to the 2018 Authorization will be used for the purposes specified in the ballot measure approved by the District's voters on June 5, 2018, the abbreviated text of which appeared on the ballot as follows:

> *"To improve the quality of education; make health and safety improvements; modernize/construct classrooms, restrooms and school facilities; and improve P.E. fields and facilities; shall Laton Joint Unified School District issue $7,000,000 of bonds at legal rates, averaging $421,000 annually as long as bonds are outstanding at a rate of approximately 6 cents per $100 assessed value, with annual audits, an independent citizens' oversight committee, NO money for salaries, and funding that cannot be taken by the State?"*

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list, identifying to District voters the projects eligible for funding from proceeds of bonds approved at the Bond Election (the **"Project List"**). The District makes no representation as to the specific application of the proceeds of the Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2018 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

## Description of the Bonds

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds.

***Current Interest Bonds.*** The Current Interest Bonds will be will be dated their date of delivery (the "**Dated Date**"), and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Current Interest Bonds will mature on August 1 in the years indicated on the inside cover page hereof. Interest with respect to the Current Interest Bonds accrues from their Dated Date, and is payable semiannually on February 1 and August 1 of each year (each, an "**Interest Payment Date**"), commencing August 1, 2020. Each Current Interest Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an Interest

Payment Date, in which event it shall bear interest from such date, or (ii) it is registered and authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is registered and authenticated prior to July 15, 2020, in which event it shall bear interest from the date of original delivery; *provided, however*, that if at the time of authentication of a Current Interest Bond, interest is in default thereon, such Current Interest Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the Current Interest Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Interest on the Current Interest Bonds, including the final interest payment upon maturity, is payable by the Paying Agent mailed on the Interest Payment Date via first-class mail to the Owner thereof at such Owner's address as it appears on the bond register maintained by the Paying Agent at the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "**Record Date**"), or at such other address as the Owner may have filed with the Paying Agent for that purpose, or upon written request filed with the Paying Agent as of the Record Date by an Owner of at least $1,000,000 in aggregate principal amount of Current Interest Bonds, by wire transfer.

***Capital Appreciation Bonds.*** The Capital Appreciation Bonds will be dated the Dated Date and accrete interest from such date until the maturity thereof. The initial principal amounts (the **"Denominational Amount"**) of each maturity of the Capital Appreciation Bonds shall be as shown on the inside cover page hereof. The Capital Appreciation Bonds are issued in denominations such that the Maturity Value (defined below) thereof shall equal $5,000 or an integral multiple thereof. The Capital Appreciation Bonds are payable only at maturity or earlier redemption, in the years and amounts set forth on the inside cover page hereof.

Interest on the Capital Appreciation Bonds is compounded on February 1 and August 1 of each year, commencing August 1, 2020. Each Capital Appreciation Bond accretes in value daily over the term to its maturity, from its Denominational Amount on the Dated Date to its accreted value (the **"Accreted Value"**) on its maturity date (the **"Maturity Value"**). The Accreted Value payable on any date shall be determined solely by reference to the Table of Accreted Values attached to such Capital Appreciation Bond. See "APPENDIX H – Accreted Value Tables."

The interest portion of the Accreted Value of any Capital Appreciation Bond which is payable on the date of maturity shall represent interest accreted and coming due on such date. The Accreted Value of any Capital Appreciation Bond at maturity shall be payable by check or draft mailed by first-class mail, in lawful money of the United State of America upon presentation and surrender of such Bond at the Office of the Paying Agent See "APPENDIX F- Book-Entry Only System."

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

**Book-Entry Only System**

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

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

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

**Redemption**

***Optional Redemption***. The Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

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

***Mandatory Sinking Fund Redemption***. The Bonds maturing on August 1, 20__ (the **"Term Bonds"**) are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

**Term Bonds Maturing August 1, 20__**

| **Redemption Date (August 1)** | **Sinking Fund Redemption** |
|---|---|
| (maturity) | |

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

## Notice of Redemption

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District to be mailed, first class, postage prepaid, at least 20 but not more than 60 days prior to the date fixed for redemption, to the owners of the Bonds designated for redemption. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

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

## Partial Redemption of Bonds

Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

## Effect of Redemption

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Bond Resolution, other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

## Right to Rescind Notice of Redemption

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

## Registration, Transfer and Exchange of Bonds

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

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond registration books shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; none of the District, the Counties nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided the Bond Resolution.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Dallas, Texas for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

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

**Defeasance and Discharge of Bonds**

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

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

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

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

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

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

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

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the Counties and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

**"Federal Securities"** means: United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

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## DEBT SERVICE SCHEDULES

***The Bonds***. The following table shows the annual debt service schedule with respect to the Bonds, assuming no optional redemptions.

**Laton Joint Unified School District**
**General Obligation Bonds, Election of 2018, Series B**
**Debt Service Schedule**

| Bond Year Ending (August 1) | Principal | Interest | Denominational Amount | Accreted Interest | Total Annual Debt Service |
|---|---|---|---|---|---|
| 2020 | | | | | |
| 2021 | | | | | |
| 2022 | | | | | |
| 2023 | | | | | |
| 2024 | | | | | |
| 2025 | | | | | |
| 2026 | | | | | |
| 2027 | | | | | |
| 2028 | | | | | |
| 2029 | | | | | |
| 2030 | | | | | |
| 2031 | | | | | |
| 2032 | | | | | |
| 2033 | | | | | |
| 2034 | | | | | |
| 2035 | | | | | |
| 2036 | | | | | |
| 2037 | | | | | |
| 2038 | | | | | |
| 2039 | | | | | |
| 2040 | | | | | |
| 2041 | | | | | |
| 2042 | | | | | |
| 2043 | | | | | |
| 2044 | | | | | |
| 2045 | | | | | |
| 2046 | | | | | |
| 2047 | | | | | |
| 2048 | | | | | |
| 2049 | | | | | |
| 2050 | | | | | |
| TOTAL | | | | | |

***Combined Debt Service Schedule***. The following table shows the annual debt service schedule with respect to the Series A Bonds and the Bonds, assuming no optional redemptions. The District has no other outstanding general obligation bond indebtedness.

**Laton Joint Unified School District**
**Combined Annual Debt Service Schedule**

| Bond Year Ending (August 1) | Series A Bonds | The Bonds | Total Annual Debt Service |
|---|---|---|---|
| 2020 | $235,850.00 | | |
| 2021 | 159,350.00 | | |
| 2022 | 159,350.00 | | |
| 2023 | 159,350.00 | | |
| 2024 | 159,350.00 | | |
| 2025 | 159,350.00 | | |
| 2026 | 179,350.00 | | |
| 2027 | 178,900.00 | | |
| 2028 | 183,100.00 | | |
| 2029 | 192,100.00 | | |
| 2030 | 200,700.00 | | |
| 2031 | 208,900.00 | | |
| 2032 | 216,700.00 | | |
| 2033 | 224,668.76 | | |
| 2034 | 232,231.26 | | |
| 2035 | 244,362.50 | | |
| 2036 | 250,987.50 | | |
| 2037 | 262,275.00 | | |
| 2038 | 272,900.00 | | |
| 2039 | 283,000.00 | | |
| 2040 | 290,250.00 | | |
| 2041 | 306,750.00 | | |
| 2042 | 317,000.00 | | |
| 2043 | 326,250.00 | | |
| 2044 | 339,500.00 | | |
| 2045 | 356,500.00 | | |
| 2046 | 367,000.00 | | |
| 2047 | 381,250.00 | | |
| 2048 | 399,000.00 | | |
| 2049 | -- | | |
| 2050 | -- | | |
| TOTAL | $7,246,275.02 | | |

## SOURCES AND USES OF FUNDS

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

| | |
|---|---|
| **Sources of Funds** | |
| Principal/Issue Amount of Bonds | |
| Net Original Issue Premium | |
| **Total Sources** | |
| | |
| **Uses of Funds** | |
| Building Fund | |
| Debt Service Fund | |
| Costs of Issuance (1) | |
| **Total Uses** | |

*(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Paying Agent, bond insurance premium, if any, and the rating agency.*

*[Remainder of page intentionally left blank.]*

## SECURITY FOR THE BONDS

### *Ad Valorem* Taxes

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

***Other Debt Payable from Ad Valorem Property Taxes***. In addition to the Bonds, there is other debt issued by other entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and "- Direct and Overlapping Debt" below.

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

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

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

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

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

## Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to Fresno County for credit to the fund created and established in the Bond Resolution and known as the "Laton Joint Unified School District, Election of 2018, Series B Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Bonds are being issued and for payment of permissible costs of issuance. 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 principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

## Debt Service Fund

Fresno County will establish the Laton Joint Unified School District, General Obligation Bonds, Election of 2018, Series B Debt Service Fund (the "**Debt Service Fund**") for the Bonds, which will be established as a separate fund to be maintained distinct from all other funds of Fresno County. All taxes levied by the Counties for the payment of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by Fresno County. The Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the Bonds when and as the same become due. Fresno County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

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

## Not a County Obligation

No part of any fund of either County is pledged or obligated to the payment of the Bonds. The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the Counties, for the payment of principal and interest on the Bonds. Although the Counties are obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt (or a pledge of the full faith and credit) of either of the Counties.

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# PROPERTY TAXATION

## Property Tax Collection Procedures

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

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Counties.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by Statutes of 1983, Chapter 498) (**"SB 813"**), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

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

## Taxation of State-Assessed Utility Property

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

**Historic Assessed Valuations**

The assessed valuation of property in the District is established by the assessor in each of the Counties, except for public utility property which is assessed by the State Board of Equalization, as described above. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. For a discussion of how properties currently are assessed, see APPENDIX A under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

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.

*[Remainder of page intentionally left blank.]*

## Assessed Valuation

The following table sets forth recent history of the assessed value in the District.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
**Assessed Valuations of All Taxable Property**
**Fiscal Years 2008-09 to 2019-20**

| | Local Secured | Utility | Unsecured | Total |
|---|---|---|---|---|
| | | Kings County Portion | | |
| 2008-09 | $27,179,293 | $0 | $1,341,486 | $28,520,779 |
| 2009-10 | 28,436,363 | 0 | 1,194,952 | 29,631,315 |
| 2010-11 | 28,975,738 | 0 | 1,170,087 | 30,145,825 |
| 2011-12 | 32,356,777 | 0 | 1,188,995 | 33,545,772 |
| 2012-13 | 34,345,326 | 0 | 1,002,199 | 35,347,525 |
| 2013-14 | 35,241,640 | 0 | 1,016,391 | 36,258,031 |
| 2014-15 | 34,165,221 | 0 | 885,788 | 35,051,009 |
| 2015-16 | 35,633,418 | 0 | 814,226 | 36,447,644 |
| 2016-17 | 37,709,318 | 0 | 863,746 | 38,573,064 |
| 2017-18 | 39,973,300 | 0 | 872,675 | 40,845,975 |
| 2018-19 | 40,217,764 | 0 | 594,775 | 40,812,539 |
| 2019-20 | 40,758,597 | 0 | 932,772 | 41,691,369 |
| | | Fresno County Portion | | |
| 2008-09 | $205,715,135 | $242,090 | $ 7,071,468 | $213,028,693 |
| 2009-10 | 208,501,182 | 242,090 | 10,036,393 | 218,779,665 |
| 2010-11 | 212,231,326 | 241,190 | 7,692,591 | 220,165,107 |
| 2011-12 | 227,578,007 | 240,450 | 8,277,223 | 236,095,680 |
| 2012-13 | 236,046,869 | 240,450 | 6,797,208 | 243,084,527 |
| 2013-14 | 262,736,549 | 240,450 | 7,883,988 | 270,860,987 |
| 2014-15 | 264,867,733 | 240,450 | 11,740,746 | 276,848,929 |
| 2015-16 | 278,751,087 | 345,915 | 19,886,538 | 298,983,540 |
| 2016-17 | 304,902,008 | 345,915 | 19,634,687 | 324,882,610 |
| 2017-18 | 325,119,610 | 345,915 | 18,414,156 | 343,879,681 |
| 2018-19 | 341,251,934 | 345,915 | 16,773,153 | 358,371,002 |
| 2019-20 | 356,750,062 | 254,792 | 22,953,030 | 379,957,884 |
| | | Total District | | |
| 2008-09 | $232,894,428 | $242,090 | $ 8,412,954 | $241,549,472 |
| 2009-10 | 236,937,545 | 242,090 | 11,231,345 | 248,410,980 |
| 2010-11 | 241,207,064 | 241,190 | 8,862,678 | 250,310,932 |
| 2011-12 | 259,934,784 | 240,450 | 9,466,218 | 269,641,452 |
| 2012-13 | 270,392,195 | 240,450 | 7,799,407 | 278,432,052 |
| 2013-14 | 297,978,189 | 240,450 | 8,900,379 | 307,119,018 |
| 2014-15 | 299,032,954 | 240,450 | 12,626,534 | 311,899,938 |
| 2015-16 | 314,384,505 | 345,915 | 20,700,764 | 335,431,184 |
| 2016-17 | 342,611,326 | 345,915 | 20,498,433 | 363,455,674 |
| 2017-18 | 365,092,910 | 345,915 | 19,286,831 | 384,725,656 |
| 2018-19 | 381,469,698 | 345,915 | 17,367,928 | 399,183,541 |
| 2019-20 | 397,508,659 | 254,792 | 23,885,802 | 421,649,253 |

*Source: California Municipal Statistics, Inc.*

***Factors Relating to Increases/Decreases in Assessed Valuation***. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation may result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

Notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, and wildfires in different regions of the State, and related flooding and mudslides. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Seismic activity is also a risk in the region where the District is located. Although recent California wildfires have not occurred within District boundaries, the District cannot predict or make any representations regarding the effects that wildfires or any other type of natural or manmade disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

***Assessed Valuation by Land Use.*** The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2019-20. As shown, the majority of the District's assessed valuation is represented by agricultural property.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
**Assessed Valuation and Parcels by Land Use**
**Fiscal Year 2019-20**

| Non-Residential: | 2019-20 Assessed Valuation (1) | % of Total | No. of Parcels | % of Total |
|---|---|---|---|---|
| Agricultural | $291,004,329 | 73.21% | 654 | 45.23% |
| Commercial/Office | 19,347,140 | 4.87 | 29 | 2.01 |
| Vacant Commercial | 1,247,288 | 0.31 | 6 | 0.41 |
| Industrial | 3,645,744 | 0.92 | 3 | 0.21 |
| Vacant Industrial | 1,506 | 0.00 | 1 | 0.07 |
| Government/Social/Institutional | 163,852 | 0.04 | 5 | 0.35 |
| Subtotal Non-Residential | $315,409,859 | 79.35% | 698 | 48.27% |
| Residential: | | | | |
| Single Family Residence | $73,121,756 | 18.40% | 571 | 39.49% |
| Mobile Home | 5,450,413 | 1.37 | 81 | 5.60 |
| Mobile Home Park | 656,463 | 0.17 | 1 | 0.07 |
| 2+ Residential Units | 1,078,138 | 0.27 | 10 | 0.69 |
| Vacant Residential | 1,792,030 | 0.45 | 85 | 5.88 |
| Subtotal Residential | $82,098,800 | 20.65% | 748 | 51.73% |
| Total | $397,508,659 | 100.00% | 1,446 | 100.00% |

(1) Local secured assessed valuation; excluding tax-exempt property.
*Source: California Municipal Statistics, Inc.*

***Assessed Valuation of Single Family Residential Parcels.*** The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2019-20.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
**Per Parcel Assessed Valuation of Single Family Homes**
**Fiscal Year 2019-20**

| | No. of Parcels | 2019-20 Assessed Valuation | Average Assessed Valuation | Median Assessed Valuation |
|---|---|---|---|---|
| Single Family Residential | 571 | $73,121,756 | $128,059 | $96,537 |

| 2019-20 Assessed Valuation | No. of Parcels (1) | % of Total | Cumulative % of Total | Total Valuation | % of Total | Cumulative % of Total |
|---|---|---|---|---|---|---|
| $0 - $24,999 | 22 | 3.853% | 3.853% | $ 423,670 | 0.579% | 0.579% |
| $25,000 - $49,999 | 65 | 11.384 | 15.236 | 2,468,253 | 3.376 | 3.955 |
| $50,000 - $74,999 | 103 | 18.039 | 33.275 | 6,695,336 | 9.156 | 13.111 |
| $75,000 - $99,999 | 112 | 19.615 | 52.890 | 9,646,523 | 13.192 | 26.304 |
| $100,000 - $124,999 | 75 | 13.135 | 66.025 | 8,441,824 | 11.545 | 37.849 |
| $125,000 - $149,999 | 56 | 9.807 | 75.832 | 7,661,413 | 10.478 | 48.326 |
| $150,000 - $174,999 | 29 | 5.079 | 80.911 | 4,592,790 | 6.281 | 54.607 |
| $175,000 - $199,999 | 18 | 3.152 | 84.063 | 3,383,773 | 4.628 | 59.235 |
| $200,000 - $224,999 | 17 | 2.977 | 87.040 | 3,535,063 | 4.834 | 64.069 |
| $225,000 - $249,999 | 13 | 2.277 | 89.317 | 3,071,693 | 4.201 | 68.270 |
| $250,000 - $274,999 | 9 | 1.576 | 90.893 | 2,331,898 | 3.189 | 71.459 |
| $275,000 - $299,999 | 9 | 1.576 | 92.469 | 2,567,675 | 3.512 | 74.971 |
| $300,000 - $324,999 | 13 | 2.277 | 94.746 | 4,060,758 | 5.553 | 80.524 |
| $325,000 - $349,999 | 3 | 0.525 | 95.271 | 1,007,588 | 1.378 | 81.902 |
| $350,000 - $374,999 | 6 | 1.051 | 96.322 | 2,202,888 | 3.013 | 84.915 |
| $375,000 - $399,999 | 2 | 0.350 | 96.673 | 798,392 | 1.092 | 86.007 |
| $400,000 - $424,999 | 3 | 0.525 | 97.198 | 1,238,050 | 1.693 | 87.700 |
| $425,000 - $449,999 | 2 | 0.350 | 97.548 | 881,559 | 1.206 | 88.905 |
| $450,000 - $474,999 | 3 | 0.525 | 98.074 | 1,385,598 | 1.895 | 90.800 |
| $475,000 - $499,999 | 1 | 0.175 | 98.249 | 488,988 | 0.669 | 91.469 |
| $500,000 and greater | 10 | 1.751 | 100.000 | 6,238,024 | 8.531 | 100.000 |
| | 571 | 100.000% | | $73,121,756 | 100.000% | |

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

*[Remainder of page intentionally left blank.]*

### Appeals of Assessed Value

There are two types of appeals of assessed values that could adversely impact property tax revenues within the District.

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

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

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

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

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

### Split Roll Initiative

An initiative measure (the "**Split Roll Initiative**") to amend Article XIIIA has qualified for the State's November 2020 ballot. If adopted, the Split Roll Initiative would base property taxes for commercial and industrial properties on market values beginning in tax year 2020-21. Such market values would be reassessed by the applicable county assessor's office at least once every three years. The Split Roll Initiative includes exceptions for businesses with a total market value of less than $2 million (adjusted for inflation), which would continue to be subject to property taxes based on purchase price, and exempts from property tax assessments up to $500,000 of the value of personal property, or all personal property for businesses with fewer than 50 employees. There can be no assurance that the Split Roll Initiative will be adopted. Moreover, if the Split Roll Initiative is adopted, the District is unable to predict how it would affect the level of commercial building activity within the District and the relationship of the assessed value between land use types (i.e. residential versus commercial) in the District, or what other impacts the Split Roll Initiative might have on the local economy or the District's financial condition.

**Tax Rates**

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a representative tax rate area (Tax Rate Area 125-004) in the District during fiscal years 2015-16 through 2019-20.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
**Typical Tax Rates**
**(TRA 125-004 - Fresno County) (1)**
**Per $100 of Assessed Valuation**
**Fiscal Years 2015-16 through 2019-20**

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|
| General | $1.000000 | $1.000000 | $1.000000 | $1.000000 | $1.000000 |
| Laton Joint Unified School District | - | - | - | .060000 | .048134 |
| State Center Community College District | .008064 | .008480 | .025934 | .022966 | .025786 |
| Total | $1.008064 | $1.008480 | $1.025934 | $1.082966 | $1.073920 |

(1) 2019-20 assessed valuation of TRA 125-004 is $169,510,157 which is 40.2% of the total district.
*Source: California Municipal Statistics, Inc.*

**Tax Levies and Delinquencies - Teeter Plan**

The following table shows secured tax charges and delinquencies for secured property in the Fresno County portion of the District for fiscal years 2012-13 through 2018-19.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
**Secured Tax Charges and Delinquencies (1)**

| | Secured Tax Charge | Amt. Del. June 30 | % Del. June 30 |
|---|---|---|---|
| 2012-13 | $2,359,795.06 | $80,556.48 | 3.41% |
| 2013-14 | 2,685,552.44 | 56,997.03 | 2.12 |
| 2014-15 | 2,655,969.80 | 52,633.67 | 1.98 |
| 2015-16 | 2,824,007.72 | 83,047.30 | 2.94 |
| 2016-17 | 3,212,444.96 | 70,712.84 | 2.20 |
| 2017-18 | 3,443,859.10 | 91,855.35 | 2.67 |
| 2018-19 | 3,994,318.78 | 115,522.02 | 2.89 |

(1) All taxes collected within the district by Fresno County. Kings County information is not available.
*Source: California Municipal Statistics, Inc.*

Notwithstanding the delinquency information set forth above, the Board of Supervisors of Fresno County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in Fresno County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, Fresno County includes the District's general obligation bond levies in its Teeter Plan. The Teeter Plan, as implemented by Fresno County, does not apply to the supplemental secured property tax roll.

So long as the Teeter Plan remains in effect and Fresno County continues to include the District in the Teeter Plan, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by Fresno County. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan is ever terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the District will depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Kings County has not adopted the Teeter Plan, therefore secured property taxes actually collected are allocated to the District, when the secured property taxes are actually collected. Therefore, the District's secured tax revenues from Kings County reflect actual delinquencies. Kings County delinquency information is not available.

*[Remainder of page intentionally left blank.]*

**Top 20 Property Owners**

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2019-20. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
**Largest Local Secured Taxpayers**
**Fiscal Year 2019-20**

| | Property Owner | Primary Land Use | 2019-20 Assessed Valuation | % of Total (1) |
|---|---|---|---|---|
| 1. | Zonneveld Dairies Inc. | Agricultural | $19,950,706 | 5.02% |
| 2. | Crossings LP | Agricultural | 15,606,663 | 3.93 |
| 3. | Irigoyen Farms Inc. | Agricultural | 9,502,286 | 2.39 |
| 4. | Mendes Family LP | Agricultural | 8,317,189 | 2.09 |
| 5. | Jesse P. Silva, Trustee | Agricultural | 8,298,506 | 2.09 |
| 6. | Matthew M. & Tawny R. Jackson, Trustees | Agricultural | 7,856,634 | 1.98 |
| 7. | Raven Family LP | Agricultural | 6,407,436 | 1.61 |
| 8. | HAP Farms LLC | Agricultural | 5,831,556 | 1.47 |
| 9. | Kings Country Club | Country Club | 5,420,311 | 1.36 |
| 10. | Paramount Farming Co. Investments II LLC | Agricultural | 5,100,089 | 1.28 |
| 11. | Joseph Coelho | Agricultural | 4,985,487 | 1.25 |
| 12. | Melvin & Kelley R. Medeiros | Agricultural | 4,350,518 | 1.09 |
| 13. | Dino Partners LP | Agricultural | 4,125,120 | 1.04 |
| 14. | Dennis H. Langstraat, Trustee | Agricultural | 4,079,311 | 1.03 |
| 15. | Timothy & Debra Raven | Agricultural | 3,928,118 | 0.99 |
| 16. | Hanse Farms Inc. | Agricultural | 3,860,961 | 0.97 |
| 17. | Arnold & Allison Netto, Trustees | Agricultural | 3,836,677 | 0.97 |
| 18. | Rosa Farms LP | Agricultural | 3,549,856 | 0.89 |
| 19. | Parmjit S. and Gurinder K. Grewal | Agricultural | 3,492,988 | 0.88 |
| 20. | Joe R. And Mary D. Garcia | Agricultural | 3,452,567 | 0.87 |
| | | | $131,952,979 | 33.19% |

(1) 2019-20 Local Secured Assessed Valuation: $397,508,659.
*Source: California Municipal Statistics, Inc.*

*[Remainder of page intentionally left blank.]*

## Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of February 1, 2020. 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.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
**Statement of Direct and Overlapping Bonded Debt**
**(Debt Issued as of February 1, 2020)**

2019-20 Assessed Valuation:$421,649,253

| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT: | % Applicable | Debt 2/1/20 | |
|---|---|---|---|
| State Center Community College District | 0.467% | $ 726,979 | |
| **Laton Joint Unified School District** | **100.000** | **3,535,000** | (1) |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | $4,261,979 | |
| | | | |
| OVERLAPPING GENERAL FUND DEBT: | | | |
| Fresno County General Fund Obligations | 0.458% | $ 162,040 | |
| Fresno County Pension Obligation Bonds | 0.458 | 1,044,344 | |
| Kings County General Fund Obligations | 0.365 | 49,768 | |
| Kings County Pension Obligation Bonds | 0.365 | 15,152 | |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | $1,271,304 | |
| | | | |
| COMBINED TOTAL DEBT | | $5,533,283 | (2) |

Ratios to 2019-20 Assessed Valuation:
**Direct Debt ($3,535,000) .................................................... 0.84%**
Total Direct and Overlapping Tax and Assessment Debt ...... 1.01%
Combined Total Debt .......................................................... 1.31%

(1) Excludes the Bonds offered for sale hereunder.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
*Source: California Municipal Statistics, Inc.*

*[Remainder of page intentionally left blank.]*

# TAX MATTERS

## Tax Exemption

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

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

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

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

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

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

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

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

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

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

## CERTAIN LEGAL MATTERS

### 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 bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

### Absence of Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The

District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

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

### Compensation of Certain Professionals

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

## CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as APPENDIX E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing March 31, 2021 with the report for the 2019-20 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX E. These covenants have been made in order to assist the Underwriter of the Bonds in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the **"Rule"**).

The District entered into an undertaking in connection with the issuance of the Series A Bonds in October 2018 and is in compliance thereunder. The District has engaged Isom Advisors, a Division of Urban Futures, Inc. to serve as its dissemination agent for its undertakings in connection with the Bonds and the Series A Bonds.

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

## RATING

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

## UNDERWRITING

The Bonds are being purchased by O'Connor & Company Securities, Inc., (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $_______ which is equal to the initial principal amount of the Bonds of $_______, plus net original issue premium of $_______, less an Underwriter's discount of $_____.

The bond purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

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

## ADDITIONAL INFORMATION

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

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

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

## EXECUTION

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

**LATON JOINT UNIFIED SCHOOL DISTRICT**

By: ____________________________________
Superintendent

# APPENDIX A

## GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

### General Information

The District is located in a small rural community, serving students from diverse ethnic and socioeconomic backgrounds. The District operates one elementary school, one middle school and one high school. The 2019-20 enrollment within the District is estimated to be 660 students. See also APPENDIX C hereto for demographic and other statistical information regarding the County.

### Administration

The District is governed by a five-member Board of Trustees, each member of which is elected to a four-year term. Current members of the Board of Trustees, together with their office and the date their term expires, are listed below.

| Name | Office | Term Expires |
|---|---|---|
| Daniel Vargas | President | November 2020 |
| Earl Yecny | Clerk | November 2022 |
| Nikki Alford | Member | November 2022 |
| Cindy Brooks | Member | November 2020 |
| Rich Olsen | Member | November 2022 |

***Administrative Personnel***. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Lupe Nieves currently serves as Superintendent of the District, and Reatha Martinez as Chief Business Official.

*[Remainder of page intentionally left blank.]*

## Recent Enrollment Trends

The following table shows a recent history and projected enrollment for the District.

**ANNUAL ENROLLMENT**
**Fiscal Years 2012-13 through 2019-20**
**Laton Joint Unified School District**

| Fiscal Year | Student Enrollment | % Change |
|---|---|---|
| 2012-13 | 702 | --% |
| 2013-14 | 713 | 1.6 |
| 2014-15 | 704 | (1.3) |
| 2015-16 | 701 | (0.4) |
| 2016-17 | 700 | (0.1) |
| 2017-18 | 695 | (0.7) |
| 2018-19 | 677 | (2.6) |
| 2019-20(1) | 660 | (2.5) |

(1) Budgeted.
*Source: California Department of Education for 2012-13 through 2018-19; Laton Joint Unified School District for 2019-20.*

## Employee Relations

The District has 42.0 certificated full-time equivalent ("**FTE**") employees, 36.0 classified FTE employees, and 7.0 management/supervisor/confidential FTE employees.

The certificated and classified employees of the District are represented by two bargaining units, as set forth in the following table.

**BARGAINING UNITS**
**Laton Joint Unified School District**

| Employee Group | Representation | Contract Expiration Date |
|---|---|---|
| Certificated | Laton Teachers Association | June 30, 2020 |
| Classified | California School Employees Association | June 30, 2020 |

*Source: Laton Joint Unified School District.*

*[Remainder of page intentionally left blank.]*

# DISTRICT FINANCIAL INFORMATION

## Education Funding Generally

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

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

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

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

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

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

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

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

Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2019-20 are set forth in the following table. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

**Fiscal Year 2019-20 Base Grant* Under LCFF by Grade Span**
**(Targeted Entitlement)**

| Grade Span | 2019-20 Base Grant Per ADA | 2018-19 COLA (3.26%) | Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%) | 2019-20 Base Grant/Adjusted Base Grant Per ADA |
|---|---|---|---|---|
| K-3 | $7,459 | $243 | $801 | $8,503 |
| 4-6 | 7,571 | 247 | n/a | 7,818 |
| 7-8 | 7,796 | 254 | n/a | 8,050 |
| 9-12 | 9,034 | 295 | 243 | 9,572 |

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

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

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

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

## District Accounting Practices

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

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

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

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

## Financial Statements

***General***. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2019 Audited Financial Statements were prepared by Borchardt, Corona, Faeth & Zakarian, Certified Public Accountants, Fresno, California and are attached to the Official Statement as APPENDIX B. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement.

***General Fund Revenues, Expenditures and Changes in Fund Balance***. The following table shows the audited income and expense statements for the District for the fiscal years 2014-15 through 2018-19.

**GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
**Fiscal Years 2014-15 through 2018-19 (Audited)**
**Laton Joint Unified School District**

| | Audited 2014-15 | Audited 2015-16 | Audited 2016-17 | Audited 2017-18 | Audited 2018-19 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| LCFF(1) | | | | | |
| State Apportionment or State Aid | $3,995,791 | $4,772,208 | $4,912,341 | $4,984,965 | $5,052,558 |
| Education Protection Account Funds | 1,126,701 | 1,085,222 | 1,028,836 | 1,074,535 | 1,138,122 |
| Local Sources | 906,753 | 1,108,638 | 1,251,363 | 1,325,613 | 1,379,107 |
| Federal Revenue | 410,018 | 435,844 | 509,900 | 523,716 | 598,605 |
| Other State Revenue | 361,902 | 992,314 | 550,243 | 606,159 | 1,011,633 |
| Other Local Revenue | 452,057 | 386,826 | 509,020 | 492,050 | 684,207 |
| Total Revenues | 7,253,222 | 8,781,052 | 8,761,703 | 9,007,038 | 9,864,232 |
| **Expenditures** | | | | | |
| Instruction | 4,454,455 | 4,505,552 | 4,967,808 | 5,031,119 | 5,910,833 |
| Instruction-related services | 669,016 | 717,280 | 963,698 | 1,215,109 | 1,314,868 |
| Pupil services | 218,252 | 516,920 | 535,873 | 614,847 | 942,829 |
| Ancillary services | 62,649 | 76,848 | 93,149 | 126,528 | 118,366 |
| General administration | 655,212 | 683,017 | 698,688 | 964,376 | 930,726 |
| Plant services | 844,299 | 1,245,772 | 1,110,566 | 970,245 | 1,135,347 |
| Other outgo | 31,438 | 36,584 | 44,393 | 56,317 | 45,070 |
| Capital Outlay | -- | 98,145 | 369,618 | 20,974 | 381,565 |
| Debt Service: | | | | | |
| Principal | -- | -- | 40,000 | 20,742 | -- |
| Interest | | | | 899 | |
| Total Expenditures | 6,935,321 | 7,880,118 | 8,823,793 | 9,021,156 | 10,779,604 |
| Excess of Revenues Over/(Under) Expend. | 317,901 | 900,934 | (62,090) | (14,118) | (915,372) |
| **Other Financing Sources (Uses)** | | | | | |
| Operating transfers in | -- | -- | -- | -- | -- |
| Operating transfers out(2) | -- | -- | (1,000,000) | -- | -- |
| Other Sources | -- | -- | 60,742 | -- | -- |
| Total Other Fin. Source (Uses) | -- | -- | (939,258) | -- | -- |
| **Net change in fund balance** | -- | 900,934 | (1,001,348) | (14,118) | (915,372) |
| **Fund Balance, July 1** | 9,248,661 | 9,566,562 | 10,467,497 | 9,466,150 | 9,452,032 |
| **Fund Balance, June 30** | $9,566,562 | $10,467,496 | $9,466,149 | $9,452,032 | $8,536,660 |

(1) Local Control Funding Formula commenced in fiscal year 2013-14.
(2) Transfer in FY 2016-17 of $1,000,000 from General Fund to Special Reserve Fund for Capital Outlay Projects to purchase five portable classrooms.
*Source: Laton Joint Unified School District Audit Reports.*

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## District Budget and Interim Financial Reporting

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Fresno County Superintendent of Schools (the **"County Superintendent"**). The Superintendent of Schools is independent from, and not an officer of, the County.

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

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

A State law adopted in 1991 (**"A.B. 1200"**) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

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

***District's Budget Approval/Disapproval and Certification History.*** During the past five years, each of the District's adopted budgets have been approved by the County Superintendent and the District has received positive certifications on all of its interim reports.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at Laton Joint Unified School District, 6259 East DeWoody, Laton, California 93242, Telephone (559) 922-4015. The District may impose charges for copying, mailing and handling.

*[Remainder of page intentionally left blank.]*

***District's General Fund*.** The following table shows the general fund figures for the District for fiscal year 2019-20 (adopted budget and 1st interim report).

**LATON JOINT UNIFIED SCHOOL DISTRICT**
**Revenues, Expenditures, and Changes in General Fund Balance**
**Fiscal Year 2019-20 (Adopted Budget and 1st Interim Report)**

| **Revenues** | **Adopted Budget 2019-20** | **1st Interim Report 2019-20** |
|---|---|---|
| Total LCFF Sources | $7,641,209 | $7,548,410 |
| Federal Revenues | 964,666 | 962,369 |
| Other state revenues | 297,276 | 311,766 |
| Other local revenues | 337,160 | 356,149 |
| Total Revenues | 9,240,311 | 9,178,694 |
| | | |
| Expenditures | | |
| Certificated Salaries | 3,725,587 | 3,691,814 |
| Classified Salaries | 1,484,741 | 1,568,603 |
| Employee Benefits | 2,199,218 | 2,218,813 |
| Books and Supplies | 1,468,983 | 1,516,192 |
| Contract Services & Operating Exp. | 2,471,785 | 2,495,891 |
| Capital Outlay | 322,152 | 330,302 |
| Other Outgo (excluding indirect costs) | 92,901 | 92,901 |
| Other Outgo – Transfers of Indirect Costs | 0 | 0 |
| Total Expenditures | 11,765,366 | 11,914,515 |
| | | |
| Excess of Revenues Over/(Under) Expenditures | (2,525,055) | (2,735,821) |
| | | |
| Other Financing Sources (Uses) | | |
| Operating transfers in | 55,000 | 55,000 |
| Operating transfers out | (7,500) | (7,500) |
| Total Other Financing Sources (Uses) | 47,500 | 47,500 |
| | | |
| Net change in fund balance | (2,477,555) | (2,688,321) |
| | | |
| Fund Balance, July 1 | 6,021,982 | 5,995,065 |
| Fund Balance, June 30 | $3,544,427 | $3,306,744 |

*Source: Laton Joint Unified School District Adopted 1st Interim Report for fiscal year 2019-20.*

***District Reserves.*** The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 4% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets the State's minimum requirements.

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

On October 11, 2017, the Governor signed new legislation ("**SB 751**") amending Section 42127.01 of the Education Code, effective January 1, 2018. SB 751 raises the reserve cap established under SB 858 to no more than 10% of a school district's combined assigned or unassigned ending general fund balance and provides that the reserve cap will be triggered only if there is a minimum balance of 3% of the Proposition 98 reserve. Basic aid school districts and small districts with 2,500 or fewer ADA are exempt from the reserve cap.

**Attendance - Revenue Limit and LCFF Funding**

***Funding Trends under LCFF.*** As described herein, prior to fiscal year 2013-14, school districts in California received State funding based on a formula which considered a revenue limit per unit of average daily attendance (**"ADA"**). With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth recent LCFF funding per ADA for the District for fiscal years 2012-13 through 2019-20 (budgeted).

**LATON JOINT UNIFIED SCHOOL DISTRICT**
**ADA and LCFF Funding**
**Fiscal Years 2012-13 through 2019-20 (Budgeted)**

| Fiscal Year | ADA | LCFF Funding Per ADA |
|---|---|---|
| 2012-13 | 653 | $6,335 |
| 2013-14 | 675 | 8,040 |
| 2014-15 | 663 | 9,095 |
| 2015-16 | 664 | 10,671 |
| 2016-17 | 657 | 10,762 |
| 2017-18 | 659 | 11,070 |
| 2018-19 | 633 | 11,959 |
| 2019-20 (1) | 633 | 11,925 |

(1) Budgeted.
*Source: California Department of Education; Laton Joint Unified School District.*

***District's Unduplicated Student Count.*** Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students in fiscal year 2018-19 was 87.7% for purposes of calculating supplemental and concentration grant funding under LCFF.

**Revenue Sources**

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

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

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

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

Under LCFF, a school district whose property tax revenues exceed its funding under the LCFF is entitled to keep its local property tax revenues which exceed its LCFF funding, maintaining its status as a Basic Aid District, now referred to as a "Community Supported District." For school districts that were Basic Aid prior to implementation of the LCFF, such districts are entitled to retain their status as Community Supported and keep their full local property tax revenue entitlement, provided that the per-pupil funding targets under LCFF, including economic recovery targets, are met or exceeded by local property tax revenues. The threshold for Community Supported status under the LCFF, however, is higher than under the prior funding formula, resulting in some districts falling out of Community Supported status as the result of the implementation of the LCFF. Accountability measures contained in the LCFF must be implemented by all districts, including Community Supported Districts.

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

***Other State Revenues*.** As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's LCFF funding entitlement and its property tax revenues. In addition to such apportionment revenue, the District receives other State revenues.

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

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

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

## District Retirement Systems

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

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

**STRS Contributions**
**Laton Joint Unified School District**
**Fiscal Years 2013-14 through 2019-20 (Projected)**

| Fiscal Year | Amount |
|---|---|
| 2013-14 | $225,118 |
| 2014-15 | 248,442 |
| 2015-16 | 315,619 |
| 2016-17 | 382,679 |
| 2017-18 | 488,035 |
| 2018-19 | 590,528 |
| 2019-20(1) | 617,995 |

(1) Budgeted.
*Source: Laton Joint Unified School District.*

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.2 billion as of June 30, 2018 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

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

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

| Fiscal Year | Employer Contribution Rate(1) |
|---|---|
| 2019-20 | 17.10% |
| 2020-21 | 18.40 |
| 2021-22 | 18.60 |
| 2022-23 | 18.10 |

(1) Expressed as a percentage of covered payroll.
*Source: AB 1469*

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

**PERS Contributions**
**Laton Joint Unified School District**
**Fiscal Years 2013-14 through 2019-20 (Projected)**

| Fiscal Year | Amount |
|---|---|
| 2013-14 | $85,858 |
| 2014-15 | 102,881 |
| 2015-16 | 122,908 |
| 2016-17 | 167,742 |
| 2017-18 | 208,420 |
| 2018-19 | 270,552 |
| 2019-20(1) | 283,342 |

(1) Budgeted.
*Source: Laton Joint Unified School District.*

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

**PERS Discount Rate**
**Fiscal Years 2019-20 through 2020-21**

| Fiscal Year | Amount |
|---|---|
| 2019-20 | 7.250% |
| 2020-21 | 7.000 |

*Source: PERS.*

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

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

**EMPLOYER CONTRIBUTION RATES (PERS)**
**Fiscal Years 2019-20 through 2022-23(1)**

| Fiscal Year | Employer Contribution Rate(2) |
|---|---|
| 2019-20 | 19.721% |
| 2020-21 | 22.900 |
| 2021-22 | 24.600 |
| 2022-23 | 25.300 |

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll.
*Source: PERS*

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

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

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

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

***Additional Information.*** Additional information regarding the District's retirement programs is available in Note 12 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

**Other Post-Employment Retirement Benefits**

***The Plan Generally.*** In addition to the pension benefits described in above, the District provides post-employment health care plan benefits to age 65, for classified employees who retire from the District on or after attaining age 60 with at least 15 years of service. The District provides postemployment health care benefits for five years but not beyond age 65, for certificated employees who retire from the Distirct on orafter attaining age 55 with at least 15 years of service. On June 30, 2019, two retirees met these eligibility requirements.

***Contribution Information.*** The contribution requirements of program members and the District are established and may be amended through negotiations between the District and the respective bargaining units. For the fiscal year ended June 30, 2019, the District contributed $10,226 to the Plan, all of which was used for current premiums.

***Total Liability.*** The District's total OPEB liability of $239,010 was measured as of June 30, 2018 and was determined by an actuarial valuation date of June 30, 2017.

***Changes in OPEB Liability of the District.*** The changes in OPEB liability of the District as of June 30, 2019, is shown in the following table:

**CHANGES IN TOTAL OPEB LIABILITY**
**Laton Joint Unified School District**

| | Total OPEB Liability |
|---|---|
| Balance at June 30, 2018 | $231,091 |
| Service Cost | 17,790 |
| Interest | 8,885 |
| Changes in assumptions | (6,417) |
| Benefit payments | - |
| Employer contributions | (12,339) |
| Net changes | 7,919 |
| Balance at June 30, 2019 | $239,010 |

*Source: Laton Joint Unified School District.*

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note N of Appendix B to the Official Statement.

**Existing Debt Obligations**

***General Obligation Bonds.*** The District issued the Series A Bonds in October 2018. See "DEBT SERVICE SCHEDULES – Combined General Obligation Bonds Debt Service Schedule" in the front matter of this Official Statement.

***Commitments Under Noncapitalized Leases.*** The District has entered into operating leases for copy machines with lease terms in excess of one year. The agreements contain a termination clause providing for cancellation after a specified number of days' written notice to lessor, but it is unlikely that the District will cancel the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

**LATON JOINT UNIFIED SCHOOL DISTRICT**
**Schedule of Capital Lease Payments**

| Year Ended June 30 | Total Lease Payments |
|---|---|
| 2020 | $17,961 |
| 2021 | 17,961 |
| 2022 | 15,558 |
| 2023 | 11,028 |
| Total: | $62,508 |

*Source: Laton Joint Unified School District - Audited Financial Statements.*

The District will receive no sublease rental revenues nor pay any contingent rentals for these properties. The District made lease payments of $38,999 during the year ended June 30, 2019.

## Insurance – Joint Powers Agreements

Laton Joint Unified School District participates in joint ventures under joint powers agreements (JPAs) with the Fresno County Self-Insurance Group, the Organization of Self-Insured Schools, the Southwest Transportation Agency, and the South County Support Services Agency. The relationship between Laton Joint Unified School District and the JPAs is such that none of the JPAs is a component unit of Laton Joint Unified School District for financial reporting purposes.

Condensed audited financial information for the above JPAs (the most current information available) can be obtained through each respective authority.

***Fresno County Self-Insurance Group (FCSIG).*** The FCSIG arranges for and provides workers' compensation insurance for its member districts. FCSIG is governed by a Board consisting of a representative from each member district. The Board controls the operations of FCSIG, including budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the FCSIG.

***Organization of Self-Insured Schools (OSS).*** The OSS arranges for and provides property and liability insurance for its member districts. OSS is governed by a Board consisting of a representative from each member district. The Board controls the operations of OSS, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the OSS.

***Southwest Transportation Agency (STA).*** STA operates the pupil transportation services for its member districts. STA is governed by a Board consisting of a representative from each member district. The Board controls the operations of STA, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays fees commensurate with the level of services requested and shares surpluses and deficits proportionately to their participation in STA.

***South County Support Services Agency (SCSSA).*** SCSSA provides Laton Joint Unified School District with school facility support services on a contracted basis. SCSSA is governed by a Board consisting of a representative from each member district. The Board controls the operations of STA, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each non-member district pays fees commensurate with the level of services requested.

## Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See APPENDIX G to the Official Statement for the County's current investment policy and recent investment report.

**Effect of State Budget on Revenues**

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see "—Education Funding Generally" above). State funds typically make up the majority of a district's LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

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

## STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

**State Funding of Education**

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

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

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

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

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

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

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

**Recent State Budgets**

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

- The California State Treasurer internet home page at www.treasurer.ca.gov, under the heading "Bond Information", posts various State of California Official Statements, many of which contain a summary of the current State budget, past State budgets, and the impact of those budgets on school districts in the State.

- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Financial Information", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

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

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area – Budget (State)".

***Prior Years' Budgeting Techniques**.* Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2017-18 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

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

**2019-20 State Budget**

On June 27, 2019, the Governor signed the 2019-20 State budget (the "**2019-20 State Budget**") into law. The 2019-20 State Budget calls for total spending of $214.8 billion, with $147.8 billion in general fund spending. The 2019-20 State Budget provides for $81.1 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of $2.7 billion, or 3.4%, from the 2018-19 State budget. Of that $81.1 billion, $62.9 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2019-20, restoring every school district in the State to at least pre-recession funding levels.

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

- $3.15 billion one-time payment on behalf of school districts and community college districts to STRS and PERS pools;

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

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

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

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

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

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

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

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

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

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

**2020-21 Proposed State Budget**

On January 10, 2020, the Governor released the proposed State budget for fiscal year 2020-21 (the "**2020-21 Proposed State Budget**"), noting that while economic expansion is occurring, there are growing risks facing the State, including risks caused by climate change and uncertainty regarding the political climate and federal policies. The 2020-21 Proposed State Budget projects general fund revenues in fiscal year 2020-21 of approximately $155 billion (including a prior year balance of approximately $8.5 billion) and expenditures of approximately $149.7 billion. The 2020-21 Proposed State Budget continues to build State reserves, with $21 billion set aside in reserve funds. The 2020-21 Proposed State Budget maintains $900 million in the Safety Net Reserve, sets aside $110 million in the Public School System Stabilization Account, and allocates $3.1 billion in a Special Fund for Economic Uncertainties. In addition, the

2020-21 Proposed State Budget estimates the Rainy Day Fund will have a fund balance of approximately $18 billion in fiscal year 2020-21 and $19.4 billion by 2023-24.

The 2020-21 Proposed State Budget raises the Proposition 98 funding for school districts and community college districts for fiscal year 2020-21 to $84 billion, a new all-time high, which reflects a 2.29% cost of living adjustment and includes an additional $1.2 billion in Proposition 98 funding for the LCFF. The 2020-21 Proposed State Budget also confirms that school district reserve caps are not required for fiscal year 2021-22. The 2020-21 Proposed State Budget includes a one-time increase in Proposition 98 general fund resources of $350 million of educator workforce investment grants, $193 million for workforce development grants, $18 million to strengthen the capacity of local educational agencies in certain priority areas, and $10 million for credentialed teacher stipends. The Governor is required to release a revision to the Proposed State Budget by May 14 of each year.

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

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

***Availability of State Budgets.*** The complete 2019-20 State Budget and the 2020-21 Proposed State Budget are available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Obligations.

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

### Legal Challenges to State Funding of Education

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

## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

### Constitutionally Required Funding of Education

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

### Article XIIIA of the California Constitution

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

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

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

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

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

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

**Article XIIIB of the California Constitution**

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

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

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

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

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

**Unitary Property**

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

**Articles XIIIC and XIIID of the California Constitution**

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

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

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

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

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

**Proposition 98**

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

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

**Proposition 111**

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

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

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

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

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

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

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

**Proposition 39**

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

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

**Proposition 1A and Proposition 22**

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

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

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

**Proposition 30 and Proposition 55**

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **“Proposition 30”**), temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

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

**California Senate Bill 222**

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

**Future Initiatives**

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 111, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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# APPENDIX B

## LATON JOINT UNIFIED SCHOOL DISTRICT
## AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2018-19

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# LATON JOINT UNIFIED SCHOOL DISTRICT
## COUNTY OF FRESNO
## LATON, CALIFORNIA

## AUDIT REPORT

## JUNE 30, 2019

**BORCHARDT, CORONA, FAETH & ZAKARIAN**
**Certified Public Accountants**
**1180 E. Shaw Ave., Ste. 110**
**Fresno, California 93710-7809**

**LATON JOINT UNIFIED SCHOOL DISTRICT**
AUDIT REPORT
YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

BORCHARDT, CORONA,
FAETH & ZAKARIAN
Certified Public Accountants

Gustavo M. Corona, CPA
Scott A. Faeth, CPA
Christina J. Zakarian, CPA

Thomas R. Borchardt, CPA
Consultant

# Independent Auditor's Report

Board of Trustees
Laton Joint Unified School District
Laton, 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 Laton Joint Unified 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Laton Joint Unified School District as of June 30, 2019, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

1180 E. Shaw Avenue, Suite 110, Fresno, California 93710-7809 • (559) 225-6891 • Fax (559) 225-6951 • http://www.bcfz-cpa.com

**Other Matters**

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedules of the District's Proportionate Share of the Net Pension Liability, Schedules of District's Pension Contributions, and Schedule of Changes in the Total OPEB Liability and Related Ratios, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laton Joint Unified School District's basic financial statements. The other supplementary information schedules listed in the table of contents are presented for purposes of additional analysis as required by the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

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

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019, on our consideration of Laton Joint Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Laton Joint Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laton Joint Unified School District's internal control over financial reporting and compliance.

Borchardt, Corona, Faeth
& Zakarian

Fresno, California
December 9, 2019

# Introductory Section

# LATON JOINT UNIFIED SCHOOL DISTRICT
## Management's Discussion and Analysis (MD&A)
## June 30, 2019

### INTRODUCTION

Our discussion and analysis of Laton Joint Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- Total net position was $9,405,398 at June 30, 2019. This includes a current year decrease in net position of $1,467,047 from current year activity.
- Overall revenues were $10,749,290, which were less than expenditures of $12,216,337 by $1,467,047. The expenditures increased in the current year due to an increase in salaries and benefits, instruction, instruction-related services, ancillary services, plant services and other outgo.
- In October 2018 there was an issuance of Bonds for the amount of $3,700,00 that was passed by voters in June 2018. The net proceeds from the Bonds will be used to finance new construction and repair of school facilities as approved by the District voters at the Bond Election.

### OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
  - **Governmental funds** statements tell how general government services were financed in the short term as well as what remains for future spending.
  - **Fiduciary fund** statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements.

#### Government-Wide Statements

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

The two government-wide statements report the District's net position and how it has changed. Net position, the difference between the assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, and changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the District include government activities. Most of the District's basic services are included here, such as regular education, food service, maintenance and general administration. LCFF funding and federal and state grants finance most of these activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devises that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has two kinds of funds:

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

## FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

### Net Position

The District's combined net position was $9,405,398 at June 30, 2019. See Table 1.

**Table 1**
**Net Position**

| | Governmental Activities | | Total Percentage Change |
|---|---|---|---|
| | 2019 | 2018 | 2019-2018 |
| **Assets:** | | | |
| Cash | $ 14,745,542 | $ 11,301,879 | 30.47% |
| Accounts Receivable | 484,641 | 474,326 | 2.17% |
| Stores Inventories | 4,664 | 4,664 | 0.00% |
| Capital Assets, Net of Accumulated Depreciation | 5,783,146 | 5,581,117 | 3.62% |
| **TOTAL ASSETS** | 21,017,993 | 17,361,986 | 21.06% |
| **Deferred Outflows of Resources** | 2,873,835 | 2,382,071 | 20.64% |
| **Liabilities:** | | | |
| Accounts Payable | 1,071,180 | 545,519 | 96.36% |
| Unearned Revenue | 151,200 | 78,952 | 91.51% |
| Long-Term Liabilities | 12,836,663 | 7,848,513 | 63.56% |
| **TOTAL LIABILITIES** | 14,059,043 | 8,472,984 | 65.93% |
| **Deferred Inflows of Resources** | 427,387 | 398,628 | 7.21% |
| **Net Position:** | | | |
| Net Investment in Capital Assets | 5,714,268 | 5,581,117 | 2.39% |
| Restricted | 3,550,201 | 3,307,927 | 7.32% |
| Unrestricted | 140,929 | 1,983,401 | (92.89%) |
| **TOTAL NET POSITION** | $ 9,405,398 | $ 10,872,445 | (13.49%) |

### Changes in Net Position

The District's total revenues were $10,749,290. A majority of the revenue comes from LCFF Sources (70.42%). Operating Grants and Contributions accounted for another 18.90% of total revenues.

The total cost of all programs and services was $12,216,337. The District's expenses are predominately related to educating and caring for students (75.66%). Administrative activities accounted for just 8.04% of total costs. The remaining expenses were for plant services (maintenance and operations), ancillary services, other outgo and interest on long-term obligations.

**Table 2**
**Change in Net Position**

| | Total Activities | | Total Percentage Change |
|---|---|---|---|
| | **2019** | **2018** | **2019-2018** |
| **Revenues:** | | | |
| Program Revenues: | | | |
| Charges for Services | $ 100,218 | $ 103,023 | (2.72%) |
| Operating Grants and Contributions | 2,031,311 | 1,753,747 | 15.83% |
| General Revenues: | | | |
| LCFF Sources | 7,569,787 | 7,385,113 | 2.50% |
| State Revenues | 235,125 | 266,050 | (11.62%) |
| Local Revenues | 812,849 | 321,035 | >100.00% |
| **TOTAL REVENUES** | 10,749,290 | 9,828,968 | 9.36% |
| **Expenses:** | | | |
| Instruction | 6,364,703 | 5,588,757 | 13.88% |
| Instruction-Related Services | 1,373,756 | 1,313,635 | 4.58% |
| Pupil Services | 1,504,760 | 1,096,218 | 37.27% |
| Ancillary Services | 120,148 | 127,021 | (5.41%) |
| General Administration | 982,659 | 995,002 | (1.24%) |
| Plant Services | 1,494,492 | 1,310,828 | 14.01% |
| Other Outgo | 263,301 | 56,317 | >100.00% |
| Interest on Long-Term Obligations | 112,518 | 899 | >100.00% |
| **TOTAL EXPENSES** | 12,216,337 | 10,488,677 | 16.47% |
| **INCREASE (DECREASE) IN NET POSITION** | (1,467,047) | (659,709) | >(100.00%) |
| **BEGINNING NET POSITION** | 10,872,445 | 11,660,329 | (6.76%) |
| **PRIOR PERIOD ADJUSTMENT** | - | (128,175) | (100.00%) |
| **ENDING NET POSITION** | $ 9,405,398 | $ 10,872,445 | (13.49%) |

### Governmental Activities

The cost of all governmental activities this year was $12,216,337.

Table 3 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was not funded by charges for services, operating grants and capital grants and contributions.

**Table 3**
**Net Cost of Governmental Activities**

| | Total Cost of Services | | Net Cost of Services | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Instruction | $ 6,364,703 | $ 5,588,757 | $ 5,429,481 | $ 4,674,609 |
| Instruction-Related Services | 1,373,756 | 1,313,635 | 1,161,902 | 1,143,495 |
| Pupil Services | 1,504,760 | 1,096,218 | 909,618 | 596,847 |
| Ancillary Services | 120,148 | 127,021 | 102,162 | 110,454 |
| General Administration | 982,659 | 995,002 | 841,389 | 868,624 |
| Plant Services | 1,494,492 | 1,310,828 | 1,264,437 | 1,180,662 |
| Other Outgo | 263,301 | 56,317 | 263,301 | 56,317 |
| Interest on Long-Term Obligations | 112,518 | 899 | 112,518 | 899 |
| **TOTAL** | $ 12,216,337 | $ 10,488,677 | $ 10,084,808 | $ 8,631,907 |

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

### Governmental Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $14,080,863, which was above last year's ending fund balance of $11,156,398.

**Table 4**
**Governmental Funds Balances and Activity**

| | Balances and Activity | | | |
|---|---|---|---|---|
| | July 1, 2018 | Revenues & Other Sources | Expenditures & Other Uses | June 30, 2019 |
| General | $ 7,016,791 | $ 9,812,960 | $ 10,779,604 | $ 6,050,147 |
| Cafeteria | 80,895 | 452,072 | 497,066 | 35,901 |
| Child Development | 90,480 | 276,089 | 273,548 | 93,021 |
| Deferred Maintenance | 366,806 | 7,723 | - | 374,529 |
| Pupil Transportation Equipment | 140,614 | 2,960 | - | 143,574 |
| Special Reserve Fund for Other than Capital Outlay Projects | 1,636,027 | 34,446 | - | 1,670,473 |
| Special Reserve Fund for Post-Employment Benefits | 432,408 | 9,104 | - | 441,512 |
| Building Fund | - | 3,972,269 | 341,147 | 3,631,122 |
| Capital Facilities | 304,323 | 57,780 | 347 | 361,756 |
| County School Facilities | 16,175 | 341 | - | 16,516 |
| Special Reserve Fund for | | 341 | | |
| Capital Outlay Projects | 1,071,879 | 22,276 | 114,197 | 979,958 |
| Bond Interest and Redemption Fund | - | 336,615 | 54,261 | 282,354 |
| **Total** | $ 11,156,398 | $ 14,984,976 | $ 12,060,170 | $ 14,080,863 |

The primary reason for this increase was due to the new bond issuance in the Building Fund.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its annual budget to reflect unexpected changes in revenues and expenditures. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

The primary factors for the variation between original and final budget amounts are as follows:

Revenues – increased by $498,533 due to an increase in Supplemental & Concentration Funds.
Salaries and Benefits - increased by $12,477 due to an additional position added and an increase of salaries and benefits to all employees.
Other non-personnel expenditures – decreased by $331,484 due to less facility projects being done and technology equipment being purchased.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2019, the District had invested $5,783,146 in a broad range of capital assets, including land, buildings, land improvements, equipment and work in progress. See Table 5. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Table 5**
**Capital Assets**

| | Governmental Activities | | Percentage of Change |
|---|---|---|---|
| | 2019 | 2018 | 2019-2018 |
| Land | $ 350,225 | $ 350,225 | 0.00% |
| Land Improvements | 1,349,177 | 1,360,939 | (0.86%) |
| Buildings | 9,221,166 | 9,221,166 | 0.00% |
| Equipment | 986,731 | 901,759 | 9.42% |
| Work in Progress | 517,073 | - | N/A |
| Total at Historical Cost | 12,424,372 | 11,834,089 | 4.99% |
| Total Accumulated Depreciation | (6,641,226) | (6,252,972) | 6.21% |
| **NET CAPITAL ASSETS** | $ 5,783,146 | $ 5,581,117 | 3.62% |

### Long-Term Debt

At year-end, the District had $12,836,663 in debt, consisting of the District's Total OPEB liability, the District's Net Pension liability, Compensated Absences, General Obligation Bonds and Bond Issue Premium, as shown in Table 6. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table 6**
**Long-Term Debt**

| | Governmental Activities | | Percentage of Change |
|---|---|---|---|
| | 2019 | 2018 | 2019-2018 |
| Net Pension Liability | $ 8,566,739 | $ 7,588,361 | 12.89% |
| General Obligation Bonds | 3,700,000 | - | N/A |
| Bond Issue Premium | 294,030 | - | N/A |
| OPEB Liability | 239,010 | 231,091 | 3.43% |
| Compensated Absences | 36,884 | 29,061 | 26.92% |
| **TOTAL LONG-TERM DEBT** | $ 12,836,663 | $ 7,848,513 | 63.56% |

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District was aware of circumstances that could affect its future financial health:

- The District originally budgeted for a slight increase in enrollment, but has subsequently seen a decrease. Enrollment has decreased by seventeen students district wide, with the high school decreasing by seven students, the middle school decreasing by seven students and elementary decreasing by three in the 2019-20 school year.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact: Reatha Martinez, Director of Finance at (559) 922-4025.

# Financial Section

## LATON JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

| | Governmental Activities |
|---|---|
| **ASSETS:** | |
| Cash in County Treasury | $ 14,740,842 |
| Cash in Revolving Fund | 4,700 |
| Accounts Receivable | 484,641 |
| Stores Inventories | 4,664 |
| Capital Assets: | |
| Land | 350,225 |
| Land Improvements, Net | 499,815 |
| Buildings, Net | 4,040,719 |
| Equipment, Net | 375,314 |
| Work in Progress | 517,073 |
| Total Assets | 21,017,993 |
| **DEFERRED OUTFLOWS OF RESOURCES:** | |
| Deferred Outflows of Resources - Pensions | 2,863,609 |
| Deferred Outflows of Resources - OPEB | 10,226 |
| Total Deferred Outflows of Resources | 2,873,835 |
| **LIABILITIES:** | |
| Accounts Payable | 1,071,180 |
| Unearned Revenue | 151,200 |
| Noncurrent Liabilities: | |
| Net Pension Liability | 8,566,739 |
| Total OPEB Liability | 239,010 |
| Due within one year | 201,884 |
| Due in more than one year | 3,829,030 |
| Total Liabilities | 14,059,043 |
| **DEFERRED INFLOWS OF RESOURCES:** | |
| Deferred Inflows of Resources - Pensions | 421,284 |
| Deferred Inflows of Resources - OPEB | 6,103 |
| Total Deferred Inflows of Resources | 427,387 |
| **NET POSITION:** | |
| Net Investment in Capital Assets | 5,714,268 |
| Restricted For: | |
| Federal and State Programs | 1,909,617 |
| Debt Service | 282,354 |
| Capital Projects | 1,358,230 |
| Unrestricted | 140,929 |
| Total Net Position | $ 9,405,398 |

The accompanying notes are an integral part of this statement.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|
| **PRIMARY GOVERNMENT:** | | | | |
| Governmental Activities: | | | | |
| Instruction | $ 6,364,703 | $ 41,185 | $ 894,037 | $ (5,429,481) |
| Instruction-Related Services | 1,373,756 | 9,097 | 202,757 | (1,161,902) |
| Pupil Services | 1,504,760 | 32,185 | 562,957 | (909,618) |
| Ancillary Services | 120,148 | 820 | 17,166 | (102,162) |
| General Administration | 982,659 | 6,441 | 134,829 | (841,389) |
| Plant Services | 1,494,492 | 10,490 | 219,565 | (1,264,437) |
| Other Outgo | 263,301 | -- | -- | (263,301) |
| Interest on Long-Term Obligations | 112,518 | -- | -- | (112,518) |
| Total Governmental Activities | 12,216,337 | 100,218 | 2,031,311 | (10,084,808) |
| Total Primary Government | $ 12,216,337 | $ 100,218 | $ 2,031,311 | (10,084,808) |
| General Revenues: | | | | |
| LCFF Sources | | | | 7,569,787 |
| State Revenues | | | | 235,125 |
| Local Revenues | | | | 812,849 |
| Total General Revenues | | | | 8,617,761 |
| Change in Net Position | | | | (1,467,047) |
| Net Position - Beginning | | | | 10,872,445 |
| Net Position - Ending | | | | $ 9,405,398 |

The accompanying notes are an integral part of this statement.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

| | | General Fund | | Building Fund | | Other Governmental Funds | | Total Governmental Funds |
|---|---|---|---|---|---|---|---|---|
| **ASSETS:** | | | | | | | | |
| Cash in County Treasury | $ | 9,183,400 | $ | 3,639,359 | $ | 1,918,083 | $ | 14,740,842 |
| Cash in Revolving Fund | | 4,500 | | -- | | 200 | | 4,700 |
| Accounts Receivable | | 368,429 | | 20,574 | | 95,638 | | 484,641 |
| Due from Other Funds | | 33,737 | | -- | | -- | | 33,737 |
| Stores Inventories | | -- | | -- | | 4,664 | | 4,664 |
| Total Assets | | 9,590,066 | | 3,659,933 | | 2,018,585 | | 15,268,584 |
| **LIABILITIES AND FUND BALANCE:** | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts Payable | $ | 902,206 | $ | 28,811 | $ | 71,767 | $ | 1,002,784 |
| Due to Other Funds | | -- | | -- | | 33,737 | | 33,737 |
| Unearned Revenue | | 151,200 | | -- | | -- | | 151,200 |
| Total Liabilities | | 1,053,406 | | 28,811 | | 105,504 | | 1,187,721 |
| Fund Balance: | | | | | | | | |
| Nonspendable Fund Balances: | | | | | | | | |
| Revolving Cash | | 4,500 | | -- | | 200 | | 4,700 |
| Stores Inventories | | -- | | -- | | 4,664 | | 4,664 |
| Restricted Fund Balances | | 1,861,933 | | -- | | 78,140 | | 1,940,073 |
| Assigned Fund Balances | | 2,486,514 | | 3,631,122 | | 1,830,077 | | 7,947,713 |
| Unassigned: | | | | | | | | |
| Reserve for Economic Uncertainty | | 1,530,781 | | -- | | -- | | 1,530,781 |
| Other Unassigned | | 2,652,932 | | -- | | -- | | 2,652,932 |
| Total Fund Balance | | 8,536,660 | | 3,631,122 | | 1,913,081 | | 14,080,863 |
| Total Liabilities and Fund Balances | $ | 9,590,066 | $ | 3,659,933 | $ | 2,018,585 | $ | 15,268,584 |

The accompanying notes are an integral part of this statement.

# LATON JOINT UNIFIED SCHOOL DISTRICT

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

| | |
|---|---|
| Total fund balances - governmental funds balance sheet | $ 14,080,863 |
| Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because: | |
| Capital assets used in governmental activities are not reported in the funds. | 5,783,146 |
| Payables for bond principal which are not due in the current period are not reported in the funds. | (3,700,000) |
| Payables for bond interest which are not due in the current period are not reported in the funds. | (68,396) |
| Payables for compensated absences which are not due in the current period are not reported in the funds. | (36,884) |
| Recognition of the District's proportionate share of the net pension liability is not reported in the funds. | (8,566,739) |
| Deferred Resource Inflows related to the pension plans are not reported in the funds. | (421,284) |
| Deferred Resource Outflows related to the pension plans are not reported in the funds. | 2,863,609 |
| Bond premiums are amortized in the SNA but not in the funds. | (294,030) |
| Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds. | (239,010) |
| Deferred Resource Inflows related to the OPEB plans are not reported in the funds. | (6,103) |
| Deferred Resource Outflows related to the OPEB plans are not reported in the funds. | 10,226 |
| Net position of governmental activities - Statement of Net Position | $ 9,405,398 |

The accompanying notes are an integral part of this statement.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

| | General Fund | Building Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Revenues: | | | | |
| LCFF Sources: | | | | |
| State Apportionment or State Aid | $ 5,052,558 | $ -- | $ -- | $ 5,052,558 |
| Education Protection Account Funds | 1,138,122 | -- | -- | 1,138,122 |
| Local Sources | 1,379,107 | -- | -- | 1,379,107 |
| Federal Revenue | 598,605 | -- | 383,570 | 982,175 |
| Other State Revenue | 1,011,633 | -- | 309,443 | 1,321,076 |
| Other Local Revenue | 684,207 | 58,938 | 364,283 | 1,107,428 |
| Total Revenues | 9,864,232 | 58,938 | 1,057,296 | 10,980,466 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 5,910,833 | -- | 261,260 | 6,172,093 |
| Instruction - Related Services | 1,314,868 | -- | 12,288 | 1,327,156 |
| Pupil Services | 942,829 | -- | 497,066 | 1,439,895 |
| Ancillary Services | 118,366 | -- | -- | 118,366 |
| General Administration | 930,726 | -- | -- | 930,726 |
| Plant Services | 1,135,347 | -- | 10,824 | 1,146,171 |
| Other Outgo | 45,070 | 218,231 | -- | 263,301 |
| Capital Outlay | 381,565 | 122,916 | 103,720 | 608,201 |
| Debt Service: | | | | |
| Interest | -- | -- | 54,261 | 54,261 |
| Total Expenditures | 10,779,604 | 341,147 | 939,419 | 12,060,170 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (915,372) | (282,209) | 117,877 | (1,079,704) |
| Other Financing Sources (Uses): | | | | |
| Proceeds From Sale of Bonds | -- | 3,700,000 | -- | 3,700,000 |
| Other Sources | -- | 213,331 | 90,838 | 304,169 |
| Total Other Financing Sources (Uses) | -- | 3,913,331 | 90,838 | 4,004,169 |
| Net Change in Fund Balance | (915,372) | 3,631,122 | 208,715 | 2,924,465 |
| Fund Balance, July 1 | 9,452,032 | -- | 1,704,366 | 11,156,398 |
| Fund Balance, June 30 | $ 8,536,660 | $ 3,631,122 | $ 1,913,081 | $ 14,080,863 |

The accompanying notes are an integral part of this statement.

## LATON JOINT UNIFIED SCHOOL DISTRICT

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

| | |
|---|---|
| Net change in fund balances - total governmental funds | $ 2,924,465 |
| Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because: | |
| Capital outlays are not reported as expenses in the SOA. | 602,045 |
| The depreciation of capital assets used in governmental activities is not reported in the funds. | (390,116) |
| Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds. | (9,900) |
| Bond issuance costs and similar items are amortized in the SOA but not in the funds. | 10,139 |
| (Increase) decrease in accrued interest from beginning of period to end of period. | (68,396) |
| Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds. | (7,823) |
| Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds. | (3,700,000) |
| Bond premiums are reported in the funds but not in the SOA. | (304,169) |
| Implementing GASB 68 required certain expenditures to be de-expended and recorded as DRO. | 861,080 |
| Pension expense relating to GASB 68 is recorded in the SOA but not in the funds. | (1,372,788) |
| Implementing GASB 75 required certain expenditures to be de-expended and recorded as DRO. | 10,226 |
| OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds. | (21,810) |
| Change in net position of governmental activities - Statement of Activities | $ (1,467,047) |

The accompanying notes are an integral part of this statement.

## LATON JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

| | Agency Fund |
|---|---|
| | Student Body Fund |
| **ASSETS:** | |
| Cash on Hand and in Banks | $ 78,912 |
| Total Assets | 78,912 |
| **LIABILITIES:** | |
| Due to Student Groups | $ 78,912 |
| Total Liabilities | 78,912 |
| **NET POSITION:** | |
| Total Net Position | $ -- |

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, (as amended), *The Financial Reporting Entity*, include whether:

- the organization is legally separate organization (can sue and be sued in its name) for which the primary government is financially accountable.
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally the District is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Change in Accounting Policies

The District has adopted accounting policies compliant with new pronouncements issued by the Governmental Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2019. Those newly implemented pronouncements are as follows:

GASB Statement No. 83 – Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgements, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgements. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of the Statement as of June 30, 2019.

b. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

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

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It is used to account for and report all financial resources not accounted for and reported for in another fund.

Building Fund. This fund is used primarily to account for capital outlay funded by the proceeds from the sale of bonds.

The District reports the following non-major governmental funds:

*Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following special revenue funds are utilized by the District:

- Child Development Fund. This fund is used to account separately for federal, state, and local revenues to operate child development programs.
- Cafeteria Fund. This fund is used to account separately for federal, state, and local resources to operate the food service program.
- The Pupil Transportation Equipment Fund is used to account separately for state and local revenues for the acquisition, rehabilitation, or replacement of equipment used to transport students.

*Debt Service Funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The following debt service funds are maintained by the District:

- The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, distribution bonds, interest and related costs.

*Capital Projects Funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The District maintains the following capital projects funds:

- The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).
- The County School Facilities Fund was established to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants.
- The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes.

In addition, the District reports the following fund types:

*Fiduciary Funds* are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are, therefore, not available to support district programs, these funds are not included in the government-wide statements.

- Agency Funds: These funds are used to report resources held by the District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

c. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Encumbrances

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

4. Budgets and Budgetary Accounting

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

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures.

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

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

a. Deposits and Investments

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

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Fresno County Treasury. The County pools these funds with those of other entities in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Fresno County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefitting period. The District has chosen to report the expenditure when incurred.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

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

| Asset Class | Estimated Useful Lives |
|---|---|
| Buildings | 25-50 |
| Improvements | 20 |
| Equipment | 5-15 |

d. Receivable and Payable Balances

The District has provided detail of the receivable balances in Note F. The District believes that sufficient detail of payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates the payable balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The liabilities are recognized in long-term obligation activity - due within one year.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

f. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

g. Long-Term Obligation

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financial sources/uses. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds, are reported as debt service expenditures.

h. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

i. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The Counties of Fresno and Kings bill and collect the taxes for the District.

j. Deferred Outflows/Inflows of Resources

Deferred outflows of resources is a consumption of net assets or position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

k. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as non-spendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the District:

*Non-spendable fund balance* includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Committed fund balance* includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board, the District's highest level of decision-making authority. This formal action is the board resolution or majority vote.

*Assigned fund balance* includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent of the District pursuant to authorization established by Board Policy 3100.

*Unassigned fund balance* is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When expenditures/expenses are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amount in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy intends to maintain a minimum fund balance of 4 percent of the District's General Fund annual operating expenditures.

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

| | |
|---|---|
| Valuation Date (VD) | June 30, 2017 |
| Measurement Date (MD) | June 30, 2018 |
| Measurement Period (MP) | July 1, 2017 to June 30, 2018 |

m. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the District's single-employer defined benefit OPEB Plan ("the Plan") have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

n. Use of Estimates

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

| Violation | Action Taken |
|---|---|
| None reported | Not applicable |

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

| Fund Name | Deficit Amount | Remarks |
|---|---|---|
| None reported | Not Applicable | Not Applicable |

C. Excess of Expenditures over Appropriations

As of June 30, 2019, expenditures exceeded appropriations in individual funds as follows:

| Appropriations Category | Excess Expenditures |
|---|---|
| General Fund: | |
| Employee Benefits | $571,387 |
| Capital Outlay | 118,145 |

The District incurred additional expenses related to Employee Benefits and Capital Outlay that were not included in the budget.

D. Cash and Investments

Summary of Cash and Investments

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

| | |
|---|---|
| Statement of Net Position: | |
| Governmental Activities: | |
| Cash in County Treasury | $ 14,740,842 |
| Cash in Revolving Fund | 4,700 |
| Total | 14,745,542 |
| Fiduciary Funds: | |
| Cash in Banks | 78,912 |
| Grand Total Cash and Investments | $ 14,824,454 |

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

| | |
|---|---|
| Deposits with Financial Institutions | $ 83,612 |
| Deposits with County Treasury | 14,740,842 |
| Total Cash and Investments | $ 14,824,454 |

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Fresno County Treasury as part of the common investment pool (the District's portion was $14,740,842 as of June 30, 2019). The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's portion of this pool as of June 30, 2019, as provided by the pool sponsor, was $14,844,806. Assumptions made in determining the fair value of the District's pooled investment portfolios are available from the County Treasurer. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The amount recorded on these financial statements is the balance available for withdrawal based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Cash in Banks and in Revolving Fund

Cash balances held in financial institutions including cash in banks ($78,912 as of June 30, 2019) and in the revolving fund ($4,700) are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institution is fully insured or collateralized.

Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pools underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to 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.

Disclosures Relating to Credit Risk

Generally, 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.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District has no investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: 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% of the total amount deposited by the public agencies.

None of the District's deposits with financial institutions are in excess of federal depository insurance limits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds of government investment pools.

E. Fair Value

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical of similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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 reasonable 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 – Cash in County Treasury (Investments in county treasury) in the Fresno County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

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

| | Uncategorized | Total |
|---|---|---|
| Cash in County Treasury (Investments in county treasury) | $ 14,740,842 | $ 14,740,842 |

F. Accounts Receivable

Accounts receivable as of June 30, 2019, consist of the following:

| | General Fund | Building Fund | Other Governmental Funds | Total |
|---|---|---|---|---|
| Apportionment: | $ 1,377 | $ - | $ - | $ 1,377 |
| Federal Government: | | | | |
| Federal Programs | 162,206 | - | 55,177 | 217,383 |
| State Government: | | | | |
| Categorical Aid Programs | 3,974 | - | 22,630 | 26,604 |
| Lottery | 33,079 | - | - | 33,079 |
| Other | - | - | 3,725 | 3,725 |
| Total State Government | 37,053 | - | 26,355 | 63,408 |
| Local Government: | | | | |
| Other | 117,514 | - | 3,373 | 120,887 |
| Interest | 49,803 | 20,574 | 10,733 | 81,110 |
| Miscellaneous | 476 | - | - | 476 |
| Totals | $ 368,429 | $ 20,574 | $ 95,638 | $ 484,641 |

G. Capital Assets

Capital asset activity for the period ended June 30, 2019, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 350,225 | $ - | $ - | $ 350,225 |
| Work in progress | - | 517,073 | - | 517,073 |
| Total capital assets not being depreciated | 350,225 | 517,073 | - | 867,298 |
| Capital assets being depreciated: | | | | |
| Buildings | 9,221,166 | - | - | 9,221,166 |
| Land Improvements | 1,360,939 | - | 11,762 | 1,349,177 |
| Equipment | 901,759 | 84,972 | - | 986,731 |
| Total capital assets being depreciated | 11,483,864 | 84,972 | 11,762 | 11,557,074 |
| Less accumulated depreciation for: | | | | |
| Buildings | 4,906,374 | 274,073 | - | 5,180,447 |
| Land Improvements | 813,926 | 37,298 | 1,862 | 849,362 |
| Equipment | 532,672 | 78,745 | - | 611,417 |
| Total accumulated depreciation | 6,252,972 | 390,116 | 1,862 | 6,641,226 |
| Total capital assets being depreciated, net | 5,230,892 | (305,144) | 9,900 | 4,915,848 |
| Governmental activities capital assets, net | $ 5,581,117 | $ 211,929 | $ 9,900 | $ 5,783,146 |

Depreciation was charged to functions as follows:

| | |
|---|---|
| Instruction | $ 53,099 |
| Instruction-Related Services | 17,291 |
| Pupil Services | 9,448 |
| General Administration | 3,169 |
| Plant Services | 307,109 |
| | $ 390,116 |

H. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2019, consisted of the following:

| Due To Other Fund | Due From Other Fund | Amount | Purpose |
|---|---|---|---|
| Child Development Fund | General Fund | $ 3,824 | To repay the General Fund for 2018-19 Workers' Compensation Payments |
| Cafeteria Fund | General Fund | 29,913 | To repay the General Fund for 2018-19 Workers' Compensation Payments and for temporary loan. |
| | | $ 33,737 | |

All amounts due are scheduled to be repaid within one year

2. Transfers To and From Other Funds

There were no transfers in to and out from other funds at June 30, 2019.

I. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended June 30, 2019, are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| General Obligation Bonds | $ - | $ 3,700,000 | $ - | $ 3,700,000 | $ 165,000 |
| Bond Issue Premium | - | 304,169 | 10,139 | 294,030 | - |
| Compensated Absences | 29,061 | 7,823 | - | 36,884 | 36,884 |
| Totals | $ 29,061 | $ 4,011,992 | $ 10,139 | $ 4,030,914 | $ 201,884 |

The funds typically used to liquidate Compensated Absences in the past are as follows:

| Liability | Activity Type | Fund |
|---|---|---|
| Compensated absences | Governmental | General |

2. General Obligation Bonds

On October 2, 2018 the District issued General Obligation Bonds totaling $3,700,000. The bonds are current interest bonds with interest rates from 2.00% to 5.00% that mature on August 1, 2048. The Series A Bonds are the first series of bonds to be issued by the District pursuant to an election held by the District on June 5, 2018 in which more than 55% of the qualified elector of the District authorized the District to issue general obligation bonds in a principal amount of $7,000,000. The net proceeds from the Series A Bonds will be used to finance the upgrading and repair of school facilities as approved by the District voters at the Bond Election. The bonds were issued at a premium of $304,169, which is reported as Long-Term Obligation and is being amortized over the bond period against interest expense. The unamortized balance at June 30, 2019 is $294,030.

The outstanding general obligation bonded debt of the District as of June 30, 2019, is:

| Date of Issue | Interest Rate% | Maturity Date | Original Issue | Outstanding July 1, 2018 | Issued | Redeemed Current Year | Outstanding June 30, 2019 |
|---|---|---|---|---|---|---|---|
| 2018 | 2.00-5.00 | 2049 | $ 3,700,000 | $ - | $ 3,700,000 | $ - | $ 3,700,000 |
| | | | $ 3,700,000 | $ - | $ 3,700,000 | $ - | $ 3,700,000 |

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2019, are as follows:

**2018 Series A General Obligation Bond:**

| Year Ending June 30, | Governmental Activities Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 165,000 | $ 162,500 | $ 327,500 |
| 2021 | 75,000 | 160,100 | 235,100 |
| 2022 | - | 159,350 | 159,350 |
| 2023 | - | 159,350 | 159,350 |
| 2024 | - | 159,350 | 159,350 |
| 2025-2029 | 65,000 | 793,925 | 858,925 |
| 2030-2034 | 275,000 | 763,135 | 1,038,135 |
| 2035-2039 | 560,000 | 693,140 | 1,253,140 |
| 2040-2044 | 970,000 | 529,000 | 1,499,000 |
| 2045-2049 | 1,590,000 | 213,500 | 1,803,500 |
| Totals | $3,700,000 | $3,793,350 | $ 7,493,350 |

During the year, the District made payments on General Obligation Bonds of $54,261, including interest of $54,261.

J. Commitments Under Noncapitalized Leases

The District has entered into operating leases for copy machines with lease terms in excess of one year. These agreements do not contain a purchase option. The agreements contain a termination clause providing for cancellation after a specified number of days' written notice to lessor, but it is unlikely that the District will cancel the agreements prior to the expiration date. Future minimum lease payments under these agreements are as follows:

| Year Ended June 30 | Lease Payments |
|---|---|
| 2020 | $ 17,961 |
| 2021 | 17,961 |
| 2022 | 15,558 |
| 2023 | 11,028 |
| Total | $ 62,508 |

The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

The District made lease payments of $38,999 during the year ended June 30, 2019.

K. Detail of Fund Balance Classifications

Details of assigned Fund Balances are as follows:

| Assigned for | General Fund | Building Fund | Other Governmental Funds |
|---|---|---|---|
| Deferred Maintenance | $ 374,529 | $ - | $ - |
| Facilities and Technology | 1,670,473 | - | - |
| Child Nutrition | - | - | 580 |
| Post-Employment Benefits | 441,512 | - | - |
| Debt Service | - | - | 282,354 |
| Child Development | - | - | 45,338 |
| Pupil Transportation | - | - | 143,574 |
| Capital Projects | - | 3,631,122 | 1,358,231 |
| | $ 2,486,514 | $ 3,631,122 | $ 1,830,077 |

L. Joint Ventures (Joint Powers Agreements)

Laton Joint Unified School District participates in joint ventures under joint powers agreements (JPAs) with the Fresno County Self-Insurance Group, the Organization of Self-Insured Schools, the Southwest Transportation Agency, and the South County Support Services Agency. The relationship between Laton Joint Unified School District and the JPAs is such that none of the JPAs is a component unit of Laton Joint Unified School District for financial reporting purposes.

Condensed audited financial information for the above JPAs (the most current information available) can be obtained through each respective authority.

Fresno County Self-Insurance Group (FCSIG)

The FCSIG arranges for and provides workers' compensation insurance for its member districts. FCSIG is governed by a Board consisting of a representative from each member district. The Board controls the operations of FCSIG, including budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the FCSIG.

Organization of Self-Insured Schools (OSS)

The OSS arranges for and provides property and liability insurance for its member districts. OSS is governed by a Board consisting of a representative from each member district. The Board controls the operations of OSS, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the OSS.

Southwest Transportation Agency (STA)

STA operates the pupil transportation services for its member districts. STA is governed by a Board consisting of a representative from each member district. The Board controls the operations of STA, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays fees commensurate with the level of services requested and shares surpluses and deficits proportionately to their participation in STA.

South County Support Services Agency (SCSSA)

SCSSA provides Laton Joint Unified School District with school facility support services on a contracted basis. SCSSA is governed by a Board consisting of a representative from each member district. The Board controls the operations of STA, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each non-member district pays fees commensurate with the level of services requested.

M. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Provided

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plans' provisions and benefits for the measurement period ending June 30, 2018 are summarized as follows:

| | CalSTRS | | CalPERS | |
|---|---|---|---|---|
| Hire Date | Before Jan. 1, 2013 | After Jan. 1, 2013 | Before Jan. 1, 2013 | After Jan. 1, 2013 |
| Benefit Formula | 2% at 60 | 2% at 62 | 2% at 55 | 2% at 62 |
| Benefit Vesting Schedule | 5 Years | 5 Years | 5 Years | 5 Years |
| Benefit Payments | Monthly for Life | Monthly for Life | Monthly for Life | Monthly for Life |
| Retirement Age | 55-60 | 55-62 | 50-62 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 1.1 - 2.4% | 1.0 - 2.4%* | 1.1 - 2.5% | 1.0 - 2.5% |

* Amounts are limited to 120% of Social Security Wage Base.

c. Contributions – CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2019, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 7.00% of annual pay, and the employer's contribution rate is 18.062% of annual payroll. District contributions to the pension plan were $270,552 for the year ended June 30, 2018, and equal 100% of the required contributions for the year.

d. Contributions – CalSTRS

For the year ended June 30, 2019, Section 22950 of the California Education code requires CalSTRS 2% at 60 and 2% at 62 members to contribute monthly to the system 10.25% and 10.205% of the creditable compensation, respectively, upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 16.28% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. District contributions to the pension plan were $590,528 for the year ended June 30, 2019, and equal 100% of the required contributions for the year.

e. On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. For the year ended June 30, 2019 the State contributed $533,166 on behalf of the District to CalSTRS and $91,937 on behalf of the District to CalPERS. The contributions made by the State included amounts resulting from Senate Bill (SB) 90 which appropriated for an additional 2018-19 contribution on behalf of school employers of $2.246 billion for CalSTRS and $904 million 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.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan. The CalSTRS net pension liability reflects 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 of each plan, the related CalSTRS State support, and the total portion of the net pension liability that is associated with the District is as follows:

| | CalSTRS | CalPERS | Total |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 5,855,014 | $ 2,711,725 | $ 8,566,739 |
| State's proportionate share of the net pension liability associated with the District | 3,352,286 | - | 3,352,286 |
| Total | $ 9,207,300 | $ 2,711,725 | $ 11,919,025 |

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2017 and 2018 was as follows.

| | CalSTRS | CalPERS |
|---|---|---|
| Proportion - June 30, 2017 | 0.005763% | 0.009462% |
| Proportion - June 30, 2018 | 0.006371% | 0.010170% |
| Change - Increase (Decrease) | 0.000608% | 0.000708% |

For the year ended June 30, 2019, the District recognized pension expense of $1,766,715 and revenue of $393,927 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 | $ 861,080 | $ - |
| Differences between actual and expected experience | 195,927 | 85,047 |
| Change in assumptions | 1,180,346 | - |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 604,014 | 110,782 |
| Net difference between projected and actual earnings on plan investments | 22,242 | 225,455 |
| Total | $ 2,863,609 | $ 421,284 |

$861,080 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended June 30 | |
|---|---|
| 2020 | $ (628,036) |
| 2021 | (442,224) |
| 2022 | (45,044) |
| 2023 | (152,934) |
| 2024 | (245,263) |
| Thereafter | (67,744) |
| Total | $ (1,581,245) |

b. Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

| | CalSTRS | | CalPERS | |
|---|---|---|---|---|
| Valuation Date | June 30, 2017 | | June 30, 2017 | |
| Measurement Date | June 30, 2018 | | June 30, 2018 | |
| Actuarial Cost Method | Entry Age - Normal Cost Method | | Entry Age - Normal Cost Method | |
| Actuarial Assumptions: | | | | |
| Discount Rate | 7.10% | | 7.15% | |
| Inflation | 2.75% | | 2.50% | |
| Payroll Growth | 3.50% | | 2.75% | |
| Projected Salary Increase | 0.50-6.40% | (1) | 3.10-9.00% | (1) |
| Investment Rate of Return | 7.10% | (2) | 7.15% | (2) |
| Mortality | 0.073-22.86% | (3) | 0.466-32.536% | (3) |

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) RP2000 series tables adjusted to fit CalSTRS/CalPERS specific experience

c. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rate assumed that contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from CalSTRS and CalPERS websites.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expenses. The investment return assumption used in the accounting valuations is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM and expects to complete the process by November 2019. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every four years.

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

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

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

CalPERS

| Asset Class | Assumed Asset Allocation | Real Return (Years 1-10)(1) | Real Return (Years 11+)(2) |
|---|---|---|---|
| Global Equity | 50.00% | 4.80% | 5.98% |
| Fixed Income | 28.00% | 1.00% | 2.62% |
| Inflation Assets | - | 0.77% | 1.81% |
| Private Equity | 8.00% | 6.30% | 7.23% |
| Real Assets | 13.00% | 3.75% | 4.93% |
| Liquidity | 1.00% | - | -0.92% |
| | 100.00% | | |

(1) An expected inflation of 2.0% used for this period
(2) An expected inflation of 2.92% used for this period

CalSTRS

| Asset Class | Assumed Asset Allocation | Long-Term* Expected Real Rate of Return |
|---|---|---|
| Global Equity | 47.00% | 6.30% |
| Fixed Income | 12.00% | 30.00% |
| Real Estate | 13.00% | 5.20% |
| Private Equity | 13.00% | 9.30% |
| Risk Mitigating Strategies | 9.00% | 2.90% |
| Inflation Sensitive | 4.00% | 3.80% |
| Cash/Liquidity | 2.00% | -1.00% |
| | 100.00% | |

* 20-year geometric average used for long term expected real rate of return

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

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

| | | |
|---|---|---|
| 1% Decrease | 6.10% | 6.15% |
| Net Pension Liability | $ 8,576,911 | $ 3,948,142 |
| Current Discount Rate | 7.10% | 7.15% |
| Net Pension Liability | $ 5,855,014 | $ 2,711,725 |
| 1% Increase | 8.10% | 8.15% |
| Net Pension Liability | $ 3,598,298 | $ 1,685,940 |

d. Pension Plan Fiduciary Net Position

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

N. Post-Employment Benefits Other than Pension Benefits

1. General Information about the OPEB Plan

Plan Description

In addition to the pension benefits described in Note M, the District provides post-employment health care plan benefits to age 65, for classified employees who retire from the District on or after attaining age 60 with at least 15 years of service. The District provides postemployment health care plan benefits for five years but not beyond age 65, for certificated employees who retire from the District on or after attaining age 55 with at least 15 years of service. The plan is a single-employer defined benefit OPEB plan administered by District's board of directors. Authority to establish and amend the benefit terms and financing requirements lies with the District's board of directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB 75 statement.

Employees Covered by Benefit Terms

As of June 30, 2019, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 2 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | - |
| Participating Active Employees | 90 |
| Total Number of participants | 92 |

Contributions

The contribution requirements of OPEB Plan members and the District are established and may be amended through negotiations between the District and the respective bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2019, the District contributed $10,226 to the Plan, of which $10,226 was used for current premiums.

An actuarially determined contribution was not calculated for OPEB for the fiscal year, therefore a 10-year schedule is not presented in the required supplementary information.

2. Total OPEB Liability

The District's total OPEB liability of $239,010 was measured as of June 30, 2018 and was determined by an actuarial valuation date of June 30,2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

| | |
|---|---|
| Inflation | 2.75 percent |
| Salary Increases | 2.75 percent, average, including inflation |
| Discount Rate | 3.80 percent |
| Healthcare Cost Trend Rates | 4.00 percent |

Mortality assumptions were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees.

The actuarial assumptions used on the June 30, 2017 valuation were based on a review of plan experience which included a validation of experience studies prepared by CalSTRS and CalPERS for retirement and turnover assumptions during the period of 1997 through 2007 for CalSTRS and during the period of 1999 through 2009 for CalPERS. For other assumptions, actual plan provisions and data were used.

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index. It was assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

3. Changes in Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| Balance at June 30, 2018 | $ 231,091 |
| *(Valuation Date of June 30, 2017)* | |
| Changes for the year: | |
| Service cost | 17,790 |
| Interest | 8,885 |
| Changes of Assumptions | (6,417) |
| Benefit payments | - |
| Employer Contributions | (12,339) |
| Employee Contributions | - |
| Actual Investment Income | - |
| Administrative Expense | - |
| Other | - |
| Net changes | 7,919 |
| Balance at June 30, 2019 | $ 239,010 |
| *(Measurement Date of June 30, 2018)* | |

The discount rate of 3.80% for fiscal year ended June 30, 2019 increased by 0.30% from the discount rate of 3.50% in the prior measurement period of June 30, 2017. There were no other changes in benefit terms or assumptions and other inputs for the fiscal year ended June 30, 2019.

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

The following presents the total OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

| | District's OPEB Plan |
|---|---|
| 1% decrease | 2.80% |
| Total OPEB Liability | $ 260,052 |
| Current discount rate | 3.80% |
| Total OPEB Liability | $ 239,010 |
| 1% increase | 4.80% |
| Total OPEB Liability | $ 219,883 |

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

The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

| | District's OPEB Plan |
|---|---|
| 1% decrease | 3.00% |
| Total OPEB Liability | $ 238,918 |
| Current healthcare cost trend rate | 4.00% |
| Total OPEB Liability | $ 239,010 |
| 1% increase | 5.00% |
| Total OPEB Liability | $ 239,102 |

4. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of $21,810. As of fiscal year ended June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Contributions made subsequent to measurement date | $ 10,226 | $ - |
| Differences between expected and actual experience | - | - |
| Change in assumptions | - | 6,103 |
| Net difference between projected and actual earnings on OPEB plan investments | - | - |
| | $ 10,226 | $ 6,103 |

$10,226 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of Total OPEB liability in the year ended June 30, 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Year Ended June 30: | |
|---|---|
| 2020 | $ (314) |
| 2021 | (314) |
| 2022 | (314) |
| 2023 | (314) |
| 2024 | (314) |
| Thereafter | (4,533) |
| Total | $ (6,103) |

O. Commitments and Contingencies

State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

Contingent Liability

The District as a participating member in the Southwest Transportation Agency, a joint powers agency (JPA), is contingently liable for a portion of the debt incurred by the JPA from the California Infrastructure and Economic Development Bank. The original loan was for $4,685,500 payable in annual installments of $300,470. The District's obligation is 15% of said payment amount and loan balance. As of June 30, 2019 the balance outstanding on the loan is $953,585.

Work-In-Progress

The District has the following commitments related to construction contracts which will be funded from bond proceeds and Proposition 39 funding.

| | Contracts Authorized | Expended to June 30, 2019 | Committed |
|---|---|---|---|
| Laton High School HVAC & Lighting | $ 806,569 | $ 353,260 | $ 453,309 |
| Multi-Purpose Room | 447,825 | 127,416 | 320,409 |
| Laton High School Greenhouse | 36,397 | 36,397 | - |
| Total | $ 1,290,791 | $ 517,073 | $ 773,718 |

Litigation

The District is involved in litigation. In the opinion of management, the disposition of litigation pending will not have a material effect on the financial statements.

## Required Supplementary Information

**LATON JOINT UNIFIED SCHOOL DISTRICT**
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| LCFF Sources: | | | | |
| State Apportionment or State Aid | $ 5,363,005 | $ 5,054,196 | $ 5,052,558 | $ (1,638) |
| Education Protection Account Funds | 892,750 | 1,138,122 | 1,138,122 | -- |
| Local Sources | 1,251,364 | 1,379,107 | 1,379,107 | -- |
| Federal Revenue | 687,270 | 1,013,030 | 598,605 | (414,425) |
| Other State Revenue | 242,303 | 352,636 | 1,011,633 | 658,997 |
| Other Local Revenue | 375,327 | 373,461 | 684,207 | 310,746 |
| Total Revenues | 8,812,019 | 9,310,552 | 9,864,232 | 553,680 |
| Expenditures: | | | | |
| Current: | | | | |
| Certificated Salaries | 3,769,068 | 3,754,462 | 3,676,063 | 78,399 |
| Classified Salaries | 1,368,103 | 1,409,246 | 1,353,078 | 56,168 |
| Employee Benefits | 2,149,749 | 2,135,689 | 2,707,076 | (571,387) |
| Books And Supplies | 1,417,645 | 1,442,459 | 925,272 | 517,187 |
| Services And Other Operating Expenditures | 2,288,136 | 2,036,467 | 1,691,480 | 344,987 |
| Other Outgo | 92,901 | 82,324 | 45,070 | 37,254 |
| Capital Outlay | 357,472 | 263,420 | 381,565 | (118,145) |
| Total Expenditures | 11,443,074 | 11,124,067 | 10,779,604 | 344,463 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (2,631,055) | (1,813,515) | (915,372) | 898,143 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 55,000 | 55,000 | -- | (55,000) |
| Transfers Out | (80,000) | (86,231) | -- | 86,231 |
| Total Other Financing Sources (Uses) | (25,000) | (31,231) | -- | 31,231 |
| Net Change in Fund Balance | (2,656,055) | (1,844,746) | (915,372) | 929,374 |
| Fund Balance, July 1 | 9,452,032 | 9,452,032 | 9,452,032 | -- |
| Fund Balance, June 30 | $ 6,795,977 | $ 7,607,286 | $ 8,536,660 | $ 929,374 |

**LATON JOINT UNIFIED SCHOOL DISTRICT**
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

| | Fiscal Years** | | | | |
|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| District's proportion of the net pension liability (asset) | 0.006010% | 0.005984% | 0.005837% | 0.005763% | 0.006371% |
| District's proportionate share of the net pension liability (asset) | $ 3,512,262 | $ 4,028,889 | $ 4,720,895 | $ 5,329,551 | $ 5,855,014 |
| State's proportinate share of the net pension liability (asset) associated with the District | 2,120,877 | 2,130,833 | 2,687,917 | 3,152,943 | 3,352,286 |
| Total | $ 5,633,139 | $ 6,159,722 | $ 7,408,812 | $ 8,482,494 | $ 9,207,300 |
| District's covered-employee payroll | $ 2,728,700 | $ 2,797,765 | $ 2,944,135 | $ 3,041,963 | $ 3,381,287 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 128.72% | 144.00% | 160.35% | 175.20% | 173.16% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.52% | 74.02% | 70.04% | 69.46% | 70.99% |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

** Information presented is for the fiscal year ended on the measurement date of the net pension liability.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

| | Fiscal Years | | | | |
|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Contractually required contribution | $ 248,442 | $ 315,619 | $ 382,679 | $ 488,035 | $ 590,528 |
| Contributions in relation to the contractually required contributions | (248,442) | (315,619) | (382,679) | (488,035) | (590,528) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 2,797,765 | $ 2,944,135 | $ 3,041,963 | $ 3,381,287 | $ 3,628,143 |
| Contributions as a percentage of covered-employee payroll | 8.88% | 10.72% | 12.58% | 14.43% | 16.28% |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

| | Fiscal Years | | | | |
|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| District's proportion of the net pension liability (asset) | 0.007136% | 0.007895% | 0.008659% | 0.009462% | 0.010170% |
| District's proportionate share of the net pension liability (asset) | $ 810,165 | $ 1,163,690 | $ 1,710,236 | $ 2,258,810 | $ 2,711,725 |
| District's covered-employee payroll | $ 750,372 | $ 874,024 | $ 1,037,416 | $ 1,207,819 | $ 1,341,975 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 107.97% | 133.14% | 164.86% | 187.02% | 202.07% |
| Plan fiduciary net position as a percentage of the total pension liability | 83.38% | 79.43% | 73.90% | 71.87% | 70.85% |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

** Information presented is for the fiscal year ended on the measurement date of the net pension liability.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

| | Fiscal Years | | | | |
|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Contractually required contribution | $ 102,881 | $ 122,908 | $ 167,742 | $ 208,420 | $ 270,552 |
| Contributions in relation to the contractually required contribution | (102,881) | (122,908) | (167,742) | (208,420) | (270,552) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 874,024 | $ 1,037,416 | $ 1,207,819 | $ 1,341,975 | $ 1,497,910 |
| Contributions as a percentage of covered-employee payroll | 11.771% | 11.848% | 13.888% | 15.531% | 18.062% |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

| | Fiscal Year** | |
|---|---|---|
| | 2018 | 2019 |
| Total OPEB Liability | | |
| Service Cost | $ 17,314 | $ 17,790 |
| Interest | 7,714 | 8,885 |
| Changes of benefit terms | - | - |
| Difference between expected and actual experience | - | - |
| Changes of assumptions | - | (6,417) |
| Benefit payments | (11,864) | (12,339) |
| Net change in total OPEB liability | 13,164 | 7,919 |
| Total OPEB liability - beginning | 217,927 | 231,091 |
| Total OPEB liability - ending | $ 231,091 | $ 239,010 |
| Covered-employee payroll | $ 4,291,088 | $ 4,758,362 |
| Total OPEB liability as a percentage of covered-employee payroll | 5.39% | 5.02% |

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**Information presented is for the fiscal year ended on the measurement date of the Total OPEB liability.

# Supplementary Information Section

**LATON JOINT UNIFIED SCHOOL DISTRICT**
ORGANIZATION
YEAR ENDED JUNE 30, 2019

The District was established 1906, and is comprised of an area of approximately 58 square miles located in Fresno and Kings Counties. There were no changes in the boundaries of the District during the year ended June 30, 2019. The District is currently operating one elementary school, one middle school, one high school, and one preschool.

## Board of Trustees

| Name | Office | Term Expires |
|---|---|---|
| Daniel Vargas | President | November 2020 |
| Earl Yecny | Clerk | November 2022 |
| Nikki Alford | Member | November 2020 |
| Rich Olson | Member | November 2022 |
| Cindy Brooks | Member | November 2020 |

## Administration

Lupe G. Nieves
Interim Superintendent since May 1, 2019

Nelly Buller
Interim Principal since May 9, 2019

Dennis DuCharme
Interim Principal since October 30, 2017

Tammy Alves
Director of Human Resources since December 14, 2005

John Schiro
Director of Food Services since May 17, 2017

Reatha Martinez
Director of Finance since October 4, 2006

Pablo Avila
Director of Facilities since August 3, 2017

**LATON JOINT UNIFIED SCHOOL DISTRICT**
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019

| | Second Period Report | | Annual Report | |
|---|---|---|---|---|
| | Original | *Revised | Original | *Revised |
| TK/K-3: | | | | |
| Regular ADA | 220 | 218 | 221 | 220 |
| TK/K-3 Totals | 220 | 218 | 221 | 220 |
| Grades 4-6: | | | | |
| Regular ADA | 157 | 156 | 157 | 156 |
| Grades 4-6 Totals | 157 | 156 | 157 | 156 |
| Grades 7 and 8: | | | | |
| Regular ADA | 85 | 85 | 85 | 84 |
| Grades 7 and 8 Totals | 85 | 85 | 85 | 84 |
| Grades 9-12: | | | | |
| Regular ADA | 171 | 171 | 169 | 169 |
| Grades 9-12 Totals | 171 | 171 | 169 | 169 |
| ADA Totals | 633 | 630 | 632 | 629 |

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

*The District had a finding relating to average daily attendance. See Finding No. 2019-002.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2019

| Grade Level | Annual Minutes Requirement | 2018-19 Actual Minutes | Number of Days Traditional Calendar | Number of Days Multitrack Calendar | Status |
|---|---|---|---|---|---|
| TK/Kindergarten | 36,000 | 58,985 | 180 | N/A | In Compliance |
| Grade 1 | 50,400 | 53,325 | 180 | N/A | In Compliance |
| Grade 2 | 50,400 | 53,325 | 180 | N/A | In Compliance |
| Grade 3 | 50,400 | 57,355 | 180 | N/A | In Compliance |
| Grade 4 | 54,000 | 57,355 | 180 | N/A | In Compliance |
| Grade 5 | 54,000 | 57,335 | 180 | N/A | In Compliance |
| Grade 6 | 54,000 | 58,295 | 180 | N/A | In Compliance |
| Grade 7 | 54,000 | 58,295 | 180 | N/A | In Compliance |
| Grade 8 | 54,000 | 58,295 | 180 | N/A | In Compliance |
| Grade 9 | 64,800 | 66,765 | 180 | N/A | In Compliance |
| Grade 10 | 64,800 | 66,765 | 180 | N/A | In Compliance |
| Grade 11 | 64,800 | 66,765 | 180 | N/A | In Compliance |
| Grade 12 | 64,800 | 66,765 | 180 | N/A | In Compliance |

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46201 or 40627, as applicable. This schedule is required of all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. As of June 30, 2019 the District had not yet met its target funding. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2019

| General Fund[2] | (Budget)[1] 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Revenues and Other Financial Sources | $ 9,319,686 | $ 9,864,232 | $ 9,007,038 | $ 8,822,445 |
| Expenditures | 11,923,279 | 10,779,604 | 9,021,156 | 8,823,793 |
| Other Uses and Transfers Out | 62,500 | - | - | 1,000,000 |
| Total Outgo | 11,985,779 | 10,779,604 | 9,021,156 | 9,823,793 |
| Change in Fund Balance (Deficit) | (2,666,093) | (915,372) | (14,118) | (1,001,348) |
| Ending Fund Balance | $ 5,870,567 | $ 8,536,660 | $ 9,452,032 | $ 9,466,150 |
| Available Reserves[3] | $ 1,625,160 | $ 4,183,713 | $ 5,142,413 | $ 3,067,486 |
| Available Reserves as a Percentage of Total Outgo | 13.56% | 38.81% | 57.00% | 31.23% |
| Total Long-Term Debt | $ 12,634,779 | $ 12,836,663 | $ 7,848,513 | $ 6,555,333 |
| Average daily attendance | 633 | 630 | 659 | 657 |

(1) Budget 2020 is included for analytical purposes only and has not been subjected to audit.
(2) The Deferred Maintenance Fund, The Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Post-Employment Benefits have been included due to their consolidation into the General Fund.
(3) Available reserves consist of all unassigned fund balance and all funds reserved for economic uncertainties contained within the General Fund.

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

The General Fund balance has decreased by $929,490 over the past two years. The fiscal year 2019-20 budget projects a decrease of $2,666,093 (31.23%). For a district of this size, the state recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in three of the past three years, and does anticipate incurring an operating deficit during the 2019-20 fiscal year. Total long-term debt has increased by $6,281,330 over the past two years. This increase is a result of the District issuing the 2018 Series A General Obligation Bonds, along with an increase in the net pension liability related to STRS and PERS.

Average daily attendance has decreased by 27 over the past two years. An increase of three ADA is anticipated during fiscal year 2019-20.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Education** | | | |
| Passed through California Department of Education (CDE): | | | |
| ESSA: Title I, Part A, Basic Grants Low-Income and Neglected | 84.010 | 14329 | $ 314,464 |
| ESSA: Title I, Part C, Migrant Education | 84.011 | 14326 | 16,725 |
| ESSA: Title I, Migrant Education Summer Program | 84.011 | 10005 | 1,424 |
| | | | 18,149 |
| Special Ed: IDEA Basic Local Assistance Entitlement, Part B | 84.027 | 13379 | 170,165 |
| Special Ed: IDEA Preschool Local Entitlement Part B Sec 611 | 84.027A | 13682 | 6,546 |
| Special Ed: IDEA Preschool Grants, Part B, Section 619 | 84.173 | 13430 | 2,354 |
| Subtotal - Special Education (IDEA) Cluster | | | 179,065 |
| Carl D. Perkins Career and Technical Education: Secondary, Section 131 | 84.048 | 14894 | 9,381 |
| ESSA: Title V, Part B, Rural & Low Income School Program | 84.358 | 14356 | 11,677 |
| ESSA: Title III, English Learner Student Program | 84.365 | 14346 | 26,463 |
| ESSA: Title II, Part A, Supporting Effective Instrution | 84.367 | 14341 | 39,406 |
| Total passed throught CDE | | | 598,605 |
| Total U.S. Department of Education | | | 598,605 |
| **U.S. Department of Agriculture:** | | | |
| Passed through CDE: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | 13390 | 58,412 |
| National School Lunch Program | 10.555 | 13391 | 308,687 |
| Food Distribution - Commodities | 10.555 | 13391 | 16,471 |
| Subtotal - Child Nutrition Cluster | | | 383,570 |
| Total passed throught CDE | | | 383,570 |
| Total U.S. Department of Agriculture | | | 383,570 |
| **Total Expenditures of Federal Awards** | | | $ 982,175 |

The accompanying notes are an integral part of this schedule

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Laton Joint Unified School District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

The District has elected not to use the 10-percent de minimis indirect cost rate as allowable under the Uniform Guidance.

Non-Cash Assistance

Non-cash assistance in the form of donated foods was received from California Department of Education as a pass-through grant from the U.S. Department of Agriculture. The District reports the donated foods received on the Schedule at the fair value at time of receipt. The amount received during 2018-19 was $16,471.

**LATON JOINT UNIFIED SCHOOL DISTRICT**
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

| | General Fund | Building Fund | Other Governmental Funds |
|---|---|---|---|
| June 30, 2019 Annual Financial and Budget Report Fund Balances | $ 8,508,496 | $ 3,310,713 | $ 1,494,911 |
| Adjustments and Reclassifications: | | | |
| Increasing (Decreasing) the Fund Balance: | | | |
| Accounts Payable Overstatement | 28,164 | 320,409 | 418,170 |
| Net Adjustments and Reclassifications | 28,164 | 320,409 | 418,170 |
| June 30, 2019 Audited Financial Statement Fund Balances | $ 8,536,660 | $ 3,631,122 | $ 1,913,081 |

| | Noncurrent Liabilities |
|---|---|
| June 30, 2019 Annual Financial and Budget Report - Form Debt | $ 260,152 |
| Adjustments and Reclassifications: | |
| Increase (Decrease) in Total Liabilities: | |
| General Obligation Bonds Payable | 3,700,000 |
| Bond Issue Premium | 294,030 |
| Net Pension Liability | 8,566,739 |
| Total OPEB Liability | 7,919 |
| Compensated Absences | 7,823 |
| Net adjustments and reclassifications | 12,576,511 |
| June 30, 2019 Noncurrent Liabilities | $ 12,836,663 |

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the annual financial and budget report to the audited financial statements. Funds that required no adjustment are not presented.

# Other Independent Auditor's Reports

Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Laton Joint Unified School District
Laton, 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 Laton Joint Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Laton Joint Unified School District's basic financial statements, and have issued our report thereon dated December 9, 2019.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2019-001 to be material weaknesses.

**Compliance and Other Matters**

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

**Laton Joint Unified School District's Response to Findings**

Laton Joint Unified School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Laton Joint Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Borchardt, Corona, Faeth & Zakarian

Fresno, California
December 9, 2019

## Independent Auditor's Report on State Compliance

Board of Trustees
Laton Joint Unified School District
Laton, California

**Report on State Compliance**

We have audited Laton Joint Unified School District's, (the District's) compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the California Education Audit Appeals Panel that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2019.

**Management's Responsibility for State Compliance**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's state 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 State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the California Education Audit Appeals Panel. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

| Compliance Requirements | Procedures in Audit Guide Performed? |
|---|---|
| **LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:** | |
| Attendance Accounting: | |
| Attendance Reporting | Yes |
| Teacher Certification and Misassignments | Yes |
| Kindergarten Continuance | Yes |
| Independent Study | N/A |
| Continuation Education | N/A |
| Instructional Time: | |
| School Districts | Yes |
| Instructional Materials | Yes |
| Ratios of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive | N/A |
| GANN Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | N/A |

| | Procedures in Audit Guide Performed? |
|---|---|
| **LOCAL EDUCATION AGENICES OTHER THAN CHARTER SCHOOLS:** | |
| Middle or Early College High Schools | N/A |
| K-3 Grade Span Adjustment | Yes |
| Transportation Maintenance of Effort | Yes |
| Apprenticeship: Related and Supplemental Instruction | N/A |
| Comprehensive School Safety Plan | Yes |
| District of Choice | N/A |
| **SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS** | |
| California Clean Energy Jobs Act | Yes |
| After/Before School Education and Safety Program | |
| After School | N/A |
| Before School | N/A |
| General Requirements | N/A |
| Proper Expenditure of Education Protections Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study-Course Based | N/A |
| **CHARTER SCHOOLS:** | |
| Attendance | N/A |
| Mode of Instruction | N/A |
| Nonclassroom-Based Instruction/Independent Study | N/A |
| Determination of Funding for Nonclassroom-Based Instruction | N/A |
| Annual Instructional Minutes - Classroom-Based | N/A |
| Charter School Facility Grant Program | N/A |

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

**Opinion on State Compliance**

In our opinion, Laton Joint Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its state programs for the year ended June 30, 2019.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance with the above requirements, which are required to be reported in accordance with the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-002, 2019-003, and 2019-004. Our opinion on state compliance is not modified with respect to these matters.

Laton Joint Unified School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Laton Joint Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Borchardt, Corona, Faith & Gyakarian

Fresno, California
December 9, 2019

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Trustees
Laton Joint Unified School District
Laton, California

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

We have audited Laton Joint Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Laton Joint Unified School District's major federal programs for the year ended June 30, 2019. Laton Joint Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Laton Joint Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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 Laton Joint Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of Laton Joint Unified School District's compliance.

**Basis for Qualified Opinion on Child Nutrition**

As described in the accompanying schedule of findings and questioned costs, Laton Joint Unified School District did not comply with the requirements regarding CFDA 10.553 and 10.555 Child Nutrition as described in finding numbers 2019-005 for Eligibility and 2019-006 for Special Test and Provisions for the verification process. Compliance with such requirements is necessary, in our opinion, for Laton Joint Unified School District to comply with the requirements applicable to that program.

**Qualified Opinion on Child Nutrition**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Laton Joint Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Program for the year ended June 30, 2019.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, Laton Joint Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

**Other Matters**

Laton Joint Unified School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Laton Joint Unified School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of Laton Joint Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Laton Joint Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Laton Joint Unified School District's internal control over compliance.

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

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

Borchardt, Corona, Faeth
& Zakarian

Fresno, California
December 9, 2019

# Findings and Recommendations Section

**Summary of Auditor's Results**

1. Financial Statements

Type of auditor's report issued: **Unmodified**

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

Noncompliance material to financial statements noted? ____ Yes __X__ No

2. Federal Awards

Internal control over major programs:
- Material weakness (es) identified? ____ Yes __X__ No
- Significant deficiency (ies) identified not considered to be material weakness (es) ____ Yes __X__ None reported

Type of auditor's report issued on compliance for major programs: **Qualified**

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)? __X__ Yes ____ No

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 84.027, 84.027A, 84.173 | Special Education (IDEA) Cluster |
| 10.553, 10.555 | Child Nutrition Cluster |

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk Auditee? ____ Yes __X__ No

3. State Awards

Internal control over state programs:
- Material weakness (es) identified? ____ Yes __X__ No
- Significant deficiency (ies) identified not considered to be material weakness (es) ____ Yes __X__ None reported

Type of auditor's report issued on compliance for state programs: **Unmodified**

**Financial Statement Findings**

Finding Identification

2019 – 001 *Internal Controls – Accounting for Accounts Payable* #30000

Criteria or Specific Requirement

Procedure 551 of the California School Accounting Manual (CSAM) and accounting principles generally accepted in the United States of America require internal controls to safeguard and preserve assets, protect against improper fund disbursement, and to ensure all transactions are recorded. Expenditures are accounted for on the modified accrual basis and they are recorded when the related liabilities, if measurable, are incurred. Accruals for accounts payable at the end of the fiscal year are recorded for services rendered or for goods received by June 30.

Condition

While auditing the District's accounts payable balances, we noted $766,743 in accounts payable that were incorrectly accrued as expenses as of June 30, as the related services were not rendered, or goods were not received by June 30. These expenditures relate to the District's construction project contracts, in which the District accrued the total remaining contract commitment rather than the expenditures related to the services rendered on these contracts through June 30. These financial statements have been adjusted to remove these payables.

Effect

The District's accounts payable balances were overstated by $766,743 prior to our audit adjustments.

Cause

The District encumbered the HVAC and Multi-Purpose Building projects and since there was work being done, booked a liability for the remaining balance not knowing it should have only been the percentage that was completed by June 30, 2019.

Questioned Costs

None

Identification of Repeat Finding

This audit finding is not a repeat of a finding in the immediately prior audit.

Recommendation

The District should implement a review process during the recording of year-end payable accruals to ensure proper expenditures are accrued for goods received or services rendered prior to June 30.

Views of responsible officials and planned corrective actions

The District agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

**State Award Finding and Questioned Costs**

Finding Identification

2019 – 002 *Attendance – Records* #10000

Criteria or Specific Requirement

Education Code Section 46000

Condition

During our audit of attendance records, we noted the P-2 and Annual Reports of Attendance were not properly prepared due to the following:

- Grades TK/K-3 average daily attendance (ADA) on the P-2 Report of Attendance was overstated by 47 apportionment days due to a clerical error in summarizing the monthly apportionment on the District's P-2 Summary. This overstatement was for Grade TK, therefore informational line B-5 ADA was also overstated on the P-2 Report of Attendance.
- The District used the incorrect cut-off for their P-2 Reporting period. Based on the District's Calendar the P-2 cut-off should have been Month 8 which was the last full school month prior to April 15th, but the district summary was prepared with a P-2 cut-off through Month 9.
- During our attendance tracing procedures for the elementary and middle school sites, we found attendance being claimed for students that were not included on signed teacher rosters. It was found that the elementary and middle school sites had teacher rosters that were reprinted throughout the year to account for a new attendance code, but in this process the reprinted rosters did not include students that had been disenrolled from the District later in the school year. We obtained a listing of all students that disenrolled from the District at the elementary and middle school sites at any point during the year, to determine whether they were included on an originally signed teacher roster to support their attendance during their enrollment dates. We found 342 apportionment days for the P-2 reporting period and 463 apportionment days for the Annual reporting period for 34 students that were not supported with originally signed teacher rosters to substantiate attendance.

Effect

These exceptions result in a decrease of 2.80 ADA on the Form P-2 Report of Attendance and a decrease of 2.58 ADA on the Annual Report of Attendance. There is also a decrease of 0.08 ADA on informational line B-5 on the P-2 Report of Attendance.

| | Originally Reported | Audited | Difference |
|---|---|---|---|
| P-2 Report of Attendance | | | |
| Grades TK/K-3 Regular ADA Line A-1 | 220.45 | 218.46 | (1.99) |
| Grades 4-6 Regular ADA Line A-1 | 157.36 | 156.32 | (1.04) |
| Grades 7-8 Regular ADA Line A-1 | 84.77 | 84.59 | (0.18) |
| Grades 9-12 Regular ADA Line A-1 | 170.73 | 171.14 | 0.41 |
| ADA Totals | 633.31 | 630.51 | (2.80) |
| ADA for Students in TK Line B-5 | 17.20 | 17.12 | (0.08) |
| Annual Report of Attendance | | | |
| Grades TK/K-3 Regular ADA Line A-1 | 221.16 | 220.02 | (1.14) |
| Grades 4-6 Regular ADA Line A-1 | 156.96 | 155.83 | (1.13) |
| Grades 7-8 Regular ADA Line A-1 | 84.61 | 84.30 | (0.31) |
| Grades 9-12 Regular ADA Line A-1 | 169.05 | 169.05 | - |
| ADA Totals | 631.78 | 629.20 | (2.58) |

## State Award Finding and Questioned Costs

Finding Identification

2019 – 002 *Attendance – Records* #10000 (Continued)

Cause

The cause of these exceptions was a clerical error in summarizing TK apportionment days, a misunderstanding of the P-2 cut-off due to a vacation week during school Month 9, and the improper reprinting of weekly teacher rosters in which District personnel did not print the rosters to properly include all students that were previously enrolled at the District for those attendance weeks.

Questioned Costs

Because the District was in declining enrollment and was funded based on prior year ADA, the decrease of 2.80 ADA on the P-2 Report of Attendance does not change the District's funding.

Identification of Repeat Finding

This audit finding is not a repeat of a finding in the immediately prior audit.

Recommendation

The District staff should review the summarization of attendance and attendance calendar to ensure the reports of attendance are properly prepared prior to submission to the County Office and California Department of Education. The District should also ensure that all teacher rosters are properly printed to include all enrolled students at the District for each teacher's class. The District should also ensure staff is properly trained on the print settings of these rosters in the event the rosters are reprinted later in time due to changes to attendance codes. We also recommend the District to revise their P-2 and Annual Reports of Attendance, including revising informational line items.

Views of responsible officials and planned corrective actions

The District agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

**State Award Finding and Questioned Costs**

Finding Identification

2019 – 003 *State Compliance – Comprehensive School Safety Plan* #40000

Criteria or Specific Requirement

Education Code Section 32282

Condition

While reviewing the Comprehensive School Safety Plan for the District and for each sampled school, we noted that the School Safety Plans were updated by the School Site Councils and Board in April 2019, which was after the March 1 date.

Effect

The District reviewed and updated its plan after the March 1 date.

Cause

The District did not meet the Board meeting date due to the Superintendent leaving and an Acting Superintendent being placed until a new Superintendent was hired.

Questioned Cost

Unknown

Identification of Repeat Finding

This audit finding is not a repeat of a finding in the immediately prior audit.

Recommendation

The District should implement procedures to ensure that the Comprehensive School Safety Plan for the District and each of its schools are reviewed and updated by March 1 of each year.

Views of responsible officials and planned corrective actions

The District agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

**State Award Finding and Questioned Costs**

Finding Identification

2019 – 004 *State Compliance - Classroom Teacher Salaries* #61000

Criteria or Specific Requirement

Education Code Section 41372. A unified school district shall expend 55 percent of the District's total educational expenses for the current year on payment of salaries for classroom teachers. The District can be granted an exemption from the County Superintendent of Schools if the percentage is not met, in accordance with Education Code Section 41372.

Condition

While reviewing the Current Expense Formula/Minimum Classroom Compensation report (Form CEA), we noted that the District did not meet the required minimum classroom compensation percentage for a unified school district. The District's current expense of education for the year, after applicable reduction and audit adjustments was $9,414,971. The District has filed a waiver to receive an exemption from the Fresno County Office of Education.

Effect

The District may have apportionments equal to the deficiency in expenditures withheld from it by the County Superintendent of Schools.

Cause

The District did not expend the minimum required amount of compensation for classroom teachers.

Questioned Cost

The deficiency in percentage expended when calculated is approximately $314,460.

Identification of Repeat Finding

We have identified this audit finding as a repeat of finding 2018-002 which was identified in the immediate prior audit

Recommendation

The District must ensure that the total compensation expended on classroom teacher salaries during the fiscal year is at least 55 percent of the District's total cost of education, and if not met, the District should file for an exemption from the County Office of Education

Views of responsible officials and planned corrective actions

The District agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

### Federal Awards Findings and Questioned Costs

Finding Identification

2019 – 005 *School Breakfast Program and National School Lunch Program* #50000

Federal Program Information
U.S. Department of Agriculture

Award Year: 2018-19
Catalog Number: 10.553, 10.555
Passed Through: California Department of Education

Criteria or Specific Requirement

Each child's application for free and reduced-price meals is correctly approved or denied in accordance with applicable provisions. All free, reduced-price and paid meals claimed for reimbursement are served only to children eligible and are counted, recorded, consolidated and reported through a system which consistently produces correct claims. Reference: 7 CFR 245

Condition

While performing audit procedures for a sample of 25 Free and Reduced applications, we found two applications for Free students that did not include the last four digits of the social security number of the adult household member who signed the application and three students that qualified as Reduced based on applications but due clerical errors were reported as Free. Due to the errors noted, we expanded our sample to 60 application (35 additional applications). Of these additional applications, we found nine students reported as Free and five students reported as Reduced that did not have applications on file to view for the audit, four students that qualified as Reduced but were reported as Free due to clerical errors, one application for a Free student and two applications for Reduced students that were missing the signature by a District official, one student qualified as directly certified Free but was reported as Reduced, and one Reduced application that did not qualify.

Effect

The District was reimbursed for meals that were not eligible for funding due to applications not being complete and eligibility errors.

Cause

These errors were due to clerical errors made in updating the benefit issuance status of students and properly reviewing applications for proper completion and eligibility.

Questioned Costs

The application errors noted above result in the 4,530 incorrectly claimed meal counts for these students. The estimated questioned costs when disallowing Free and Reduced meal counts for incomplete applications and adjusting Free and Reduced meal counts to proper eligibility status based on application testing is $9,500.

Sampling Method

The sampling method used was not a statistically valid sample.

Identification of Repeat Finding

We have identified this audit finding as a repeat of finding 2018-003 which was identified in the immediate prior audit.

Recommendation

The District should implement new procedures to ensure that all applications going forward will be checked for completeness, and the District should update the process for overseeing the applications and updating the benefit issuance status in their software to eliminate errors.

Views of responsible officials and planned corrective actions

The District agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

**Federal Awards Findings and Questioned Costs**

Finding Identification

2019 – 006 *School Breakfast Program and National School Lunch Program* #50000

Federal Program Information
U.S. Department of Agriculture

Award Year: 2018-19
Catalog Number: 10.553, 10.555
Passed Through: California Department of Education

Criteria or Specific Requirement

A local educational agency (LEA) must verify eligibility of children in a sample of household applications approved for free and reduced priced meal benefits for that school year no later than November 15 of each school year (7 CFR 245.6a). The sampling method used for the verification process must be one of the following: Standard Sample Size (Lesser of 3% for 3,000 error-prone), Alternate one (Lesser of 3% or 3,000 selected randomly) or Alternate two (Lesser of 1% or 1,000 error prone applications plus lesser of one-half of one percent or 500 application with SNAP/TANF/FDPIR case numbers). The LEA must follow up on children who eligibility status has changes as the result of verification activities to put them in the correct category.

Condition

While performing audit procedures on the verification of free and reduced-price applications, we noted that the District could not provide support to determine if they completed their verification process by November 15th. The District could not also provide a summary of the verification results and findings by individual student to determine if the verification process was properly performed.

Based on the information provided by the District, we were also not able to determine if eligibility status changes were made based on the verification results.

Effect

The District was not in compliance with program requirements.

Cause

The Food Service Director performed the verification process late and did not properly document and summarize the process and related results.

Questioned Costs

Unknown

Sampling Method

The sampling method used was not a statistically valid sample.

Identification of Repeat Finding

We have identified this audit finding as a repeat of finding 2018-005 which was identified in the immediate prior audit.

Recommendation

The District should review the verification process requirements to ensure future verifications are done by the required deadlines, are based on program requirements and properly retain documentation to support the process and related results.

Views of responsible officials and planned corrective actions

The District agrees with this finding. Please refer to the corrective action within the Findings and Recommendations Section.

# LATON JOINT UNIFIED SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2019

**Financial Statement Findings**

Finding Identification: 2019 – 001 *Internal Controls – Accounting for Accounts Payable* #30000

Name of contact person: Reatha Martinez

Corrective Action: The District has become members of CASH and will be attending more facility workshops to gain more knowledge on accounting for larger projects that cross years and the CBO will remind the accounts payable clerk that only completed percentage amounts of the projects will be booked as a liability.

Proposed Completion Date: June 30, 2020

**State Award Finding and Questioned Costs**

Finding Identification: 2019 – 002 *Attendance – Records* #10000

Name of contact person: Reatha Martinez

Corrective Action: Revised P-2 and Annual and emailed to County Office. The District office will review the Attendance calendar more closely to assure the P-2 is properly prepared before submission to County Office. The District will advise attendance clerks to not make any attendance code changes during the school year unless there is approval for the Superintendent and advise teachers to verify their rosters to make sure all students on the roster are enrolled and if any students enrolled in their class are not on the roster to inform the attendance clerk of the error.

Proposed Completion Date: November 5, 2019

Finding Identification: 2019 – 003 *State Compliance – Comprehensive School Safety Plan* #40000

Name of contact person: Lupe Nieves, Interim Superintendent

Corrective Action: Superintendent will make sure the Comprehensive School Safety plan will be Board approved by March 1st of each year by placing it on the February Board Agenda.

Proposed Completion Date: December 31, 2019

Finding Identification: 2019 – 004 *State Compliance - Classroom Teacher Salaries* #61000

Name of contact person: Reatha Martinez

Corrective Action: Filed Waiver with County Office. The District is working on raising salaries to try and meet the 55% total cost of education.

Proposed Completion Date: October 2019

**Federal Award Finding and Questioned Costs**

Finding Identification: 2019 – 005 *School Breakfast Program and National School Lunch Program* #50000

Name of contact person: Reatha Martinez

Corrective Action: The District has hired a new Cafeteria Manager with experience in the verification process and knowledge of the Free/Reduced status. The District is also looking into purchasing a new software that processes applications and stores the applications that will organize the applications within the program. Even after the applications are verified through the software the Cafeteria Manager will still look over the application to check accuracy of the software before updating the status of the student in Power Lunch.

Proposed Completion Date: June 30, 2020

Finding Identification: 2019 – 006 *School Breakfast Program and National School Lunch Program* #50000

Name of contact person: Reatha Martinez

Corrective Action: The District has hired a new Cafeteria Manager with experience in the verification process and knowledge of the Free/Reduced status. The District is also looking into purchasing a new software that processes applications and stores the applications that will organize the applications within the program.

Proposed Completion Date: June 30, 2020

1. **Finding/Recommendation**

While performing our test of kindergarten continuance, we identified two pupils enrolled in kindergarten during 2017-18 who were previously enrolled in kindergarten in 2016-17 but were not age appropriate in accordance with Education Code Section 48000(c). These two pupils did not have properly filled out documentation agreements to be retained. Of the two pupils, one pupil had a signed agreement to continue but was not dated near the anniversary date and one pupil did not have a Kindergarten Attendance Anniversary Date and Name of School Official Approving for District documented on the agreement.

It was recommended that the District should ensure that all students repeating kindergarten, subsequent to completing one year of kindergarten in the prior year should have properly signed and approved agreements for continuation per Ed Code Section 48011 and 46300. The District should also submit revised P-2 and Annual Reports of Attendance to the California Department of Education.

**Current Status**

Implemented

**District Explanation if Not Implemented**

Not Applicable

2. **Finding/Recommendation**

While reviewing the Current Expense Formula/Minimum Classroom Compensation report (Form CEA), we noted that the District did not meet the required minimum classroom compensation percentage for a unified school district. The District's current expense of education for the year, after applicable reduction and audit adjustments was $8,102,311. The District has filed a waiver to receive an exemption from the Fresno County Office of Education

It was recommended that the District must ensure that the total compensation expended on classroom teacher salaries during the fiscal year is at least 55 percent of the District's total cost of education, and if not met, the District should file for an exemption from the County Office of Education

**Current Status**

Not Implemented

**District Explanation if Not Implemented**

Filed Waiver with County Office. The District is working on raising salaries to try and meet the 55% total cost of education.

3. **Finding/Recommendation**

While performing audit procedures for a sample of 25 Free and Reduced applications, we found six applications for Free students that did not include the last four digits of the social security number of the adult household member who signed the application. We also found two applications that did not include signatures of the parent or guardian, and four applications that were not signed by a District Official. In addition, the California Department of Education (CDE) Nutrition Services Division performed their School Nutrition Program administrative review and found 26 students with eligibility errors which resulted in a benefit issuance error percentage of 8.39%. Their findings noted applications that were miscategorized due to income errors, missing information, and using Direct Certification lists from the prior school year.

It was recommended that the District should implement new procedures to ensure that all applications going forward will be checked for completeness, and the District should update the process for overseeing the applications and updating the benefit issuance status in their software to eliminate errors.

**Current Status**

Not Implemented

**District Explanation if Not Implemented**

The District has hired a new Cafeteria Manager with experience in the verification process and knowledge of the Free/Reduced status. The District is also looking into purchasing a new software that processes applications and stores the applications that will organize the applications within the program. Even after the applications are verified through the software the Cafeteria Manager will still look over the application to check accuracy of the software before updating the status of the student in Power Lunch.

4. **Finding/Recommendation**

During the CDE Nutrition Services Division's administrative review of the School Nutrition Program, they found the following:

- Earned student worker meals were not claimed for 135 lunches served at Laton Elementary for March 2018,
- Eight student workers served lunch and these meals were not being counted for reimbursement at the lunch observed on April 9, 2018. The lunch meal counts determined by the District was 323 free, 57 reduced and 33 paid; and the State Consultant determined 327 free, 59 reduced and 35 paid lunches.
- A clerical (non-systemic) error on the number of breakfasts claimed for Laton Elementary for March 2018. The District reported 1,523 free, 193 reduced and 102 paid meals; and the state confirmed 1,524 free, 190 reduced and 105 paid meals. In addition, they found that the District does not compute a monthly breakfast meal count consolidation by site from the daily meal count records.

It was recommended that The District should implement new procedures to ensure that all food service employees are trained on meal count and claiming procedures.

**Current Status**

Implemented

**District Explanation if Not Implemented**

Not Applicable

5. **Finding/Recommendation**

While performing audit procedures on the verification of free and reduced price applications, we noted that the District did not complete their verification process by November 15th. The District began the verification process on November 15th and ended the process in late November.

We also noted that the District's sample size did not follow one of the required sampling methods. The District indicated that the Standard Sample Size was used, but the number of applications selected for verification exceeded this size. Based on the applications on file as of October 1st (155 applications as provided by the District), the sample size should have been five applications. The District sampled nine applications. Also, the District did not document any error prone applications.

Based on the information provided by the District, we were not able to determine if eligibility status changes were made based on the verification results.

It was recommended that the District should review the verification process requirements to ensure future verifications are done by the required deadlines and are based on program requirements.

**Current Status**

Not Implemented

**District Explanation if Not Implemented**

The District has hired a new Cafeteria Manager with experience in the verification process and knowledge of the Free/Reduced status. The District is also looking into purchasing a new software that processes applications and stores the applications that will organize the applications within the program.

BORCHARDT, CORONA, FAETH & ZAKARIAN
Certified Public Accountants

Gustavo M. Corona, CPA
Scott A. Faeth, CPA
Christina J. Zakarian, CPA

Thomas R. Borchardt, CPA
Consultant

Board of Trustees
Laton Joint Unified School District
Laton, California

In planning and performing our audit of the financial statements of Laton Joint Unified School District (District) for the year ended June 30, 2019 in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of matters discussed below that are opportunities to strengthen internal controls and operating efficiency. This letter does not affect our report dated December 9, 2019, on the financial statements of the District which also includes our report on the District's internal control.

*Internal Controls – Collection of Developer Fees*

> During our analysis over the collection and recording of developer fees at the District, we noted the Director of Finance is the only staff involved in collection, recording and depositing of developer fees at the District. It is a good internal control practice, which we recommend, to have one staff member collect the fees and one staff member prepare the deposit and record of the fees. The utilization of an additional staff member provides a segregation of duties which allows for a healthy system of checks and balances.

We will review the status of these comments during our next audit engagement. We have already discussed these comments with District personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

We wish to thank the District staff for their support and assistance during our audit.

This report is intended solely for the information and use of management, the Board, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Borchardt, Corona, Faeth & Zakarian

BORCHARDT, CORONA, FAETH & ZAKARIAN

Fresno, California
December 9, 2019

1180 E. Shaw Avenue, Suite 110, Fresno, California 93710-7809 • (559) 225-6891 • Fax (559) 225-6951 • http://www.bcfz-cpa.com

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# APPENDIX C

## GENERAL INFORMATION ABOUT THE COUNTY OF FRESNO

*The following information concerning Fresno County (the "**County**") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the County, the State of California (the "**State**") or any of its political subdivisions (other than the District), and none of the County, the State or any of its political subdivisions (other than the District) is liable therefor.*

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

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

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

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## Population

The most recent estimate of the County's population at January 1, 2019 was 1,018,241 persons according to the State Department of Finance. The table below shows population estimates for the cities in the County and for the County for the last five years, as of January 1.

**FRESNO COUNTY**
**Population Estimates**
**Calendar Years 2015 through 2019**
**(As of January 1st)**

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| Clovis | 105,490 | 108,273 | 110,704 | 113,895 | 117,003 |
| Coalinga | 16,626 | 16,693 | 17,268 | 17,120 | 17,600 |
| Firebaugh | 7,946 | 7,930 | 8,029 | 8,078 | 8,132 |
| Fowler | 6,041 | 6,082 | 6,362 | 6,520 | 6,605 |
| Fresno | 519,942 | 524,826 | 527,527 | 531,580 | 536,683 |
| Huron | 6,902 | 7,019 | 7,271 | 7,289 | 7,308 |
| Kerman | 14,494 | 14,596 | 14,789 | 15,096 | 15,495 |
| Kingsburg | 11,874 | 11,953 | 12,089 | 12,253 | 12,392 |
| Mendota | 11,467 | 11,631 | 11,910 | 12,255 | 12,315 |
| Orange Cove | 9,476 | 9,515 | 9,752 | 9,924 | 9,975 |
| Parlier | 15,241 | 15,549 | 15,764 | 15,917 | 16,151 |
| Reedley | 25,815 | 25,898 | 26,218 | 26,556 | 26,666 |
| Sanger | 25,462 | 25,969 | 26,183 | 26,489 | 27,094 |
| San Joaquin | 4,119 | 4,140 | 4,190 | 4,200 | 4,216 |
| Selma | 24,156 | 24,365 | 24,776 | 24,932 | 25,045 |
| Balance of County | 171,102 | 171,132 | 173,090 | 175,148 | 175,561 |
| **Total** | **976,153** | **985,571** | **995,922** | **1,007,252** | **1,018,241** |

*Source: State Department of Finance, Demographic Research.*

*[Remainder of page intentionally left blank.]*

## Employment

The District is included in the Fresno Metropolitan Statistical Area ("**MSA**"). The unemployment rate in the Fresno MSA was 6.5% in November 2019, down from a revised 5.8% in October 2019, and below the year-ago estimate of 6.8%. This compares with an unadjusted unemployment rate of 3.7% for California and 3.3% for the nation during the same period.

The table below provides information about employment by industry type for Fresno County for calendar years 2014 through 2018.

**FRESNO COUNTY**
**Civilian Labor Force, Employment and Unemployment, Unemployment by Industry**
**(Annual Averages)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Civilian Labor Force (1) | 438,300 | 440,500 | 445,000 | 445,300 | 448,400 |
| Employment | 387,500 | 395,700 | 402,700 | 407,400 | 414,900 |
| Unemployment | 50,700 | 44,900 | 42,300 | 37,900 | 33,400 |
| Unemployment Rate | 11.6% | 10.2% | 9.5% | 8.5% | 7.5% |
| Wage and Salary Employment: (2) | | | | | |
| Agriculture | 48,800 | 47,300 | 46,900 | 46,100 | 44,000 |
| Mining and Logging | 300 | 300 | 300 | 300 | 300 |
| Construction | 13,900 | 15,000 | 16,000 | 17,400 | 18,700 |
| Manufacturing | 24,000 | 25,400 | 25,200 | 25,600 | 26,000 |
| Wholesale Trade | 13,500 | 13,500 | 14,000 | 14,100 | 14,300 |
| Retail Trade | 36,500 | 37,600 | 38,800 | 38,900 | 39,200 |
| Trans., Warehousing, Utilities | 11,900 | 12,300 | 12,800 | 13,100 | 14,400 |
| Information | 3,900 | 3,900 | 3,800 | 3,600 | 3,600 |
| Financial and Insurance | 8,400 | 8,500 | 8,700 | 9,000 | 9,200 |
| Professional and Business Services | 31,000 | 31,500 | 31,900 | 30,600 | 31,900 |
| Educational and Health Services | 57,000 | 60,400 | 64,300 | 67,700 | 70,100 |
| Leisure and Hospitality | 30,600 | 31,400 | 32,800 | 33,800 | 34,200 |
| Other Services | 11,200 | 11,500 | 11,700 | 11,800 | 12,000 |
| Federal Government | 9,800 | 9,600 | 9,800 | 9,800 | 10,000 |
| State Government | 11,400 | 11,900 | 12,100 | 12,400 | 12,600 |
| Local Government | 45,100 | 47,200 | 49,000 | 50,400 | 52,000 |
| Total All Industries (3) | 361,500 | 371,800 | 382,800 | 389,200 | 397,400 |

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

*[Remainder of page intentionally left blank.]*

## Principal Employers

The following table shows the major employers in the County as of January 2020, in alphabetical order without regard to the number of employees.

**FRESNO COUNTY**
**Major Employers**
**(Listed Alphabetically)**

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

*Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2020 2nd Edition.*

*[Remainder of page intentionally left blank.]*

## Effective Buying Income

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

The following table summarizes the median household effective buying income for the County, the State and the United States for the period 2016 through 2020.

**FRESNO COUNTY,**
**STATE OF CALIFORNIA AND UNITED STATES**
**Median Household Effective Buying Income**
**2016 THROUGH 2020**

| | **2016** | **2017** | **2018** | **2019** | **2020** |
|---|---|---|---|---|---|
| County of Fresno | $40,819 | $41,237 | $44,641 | $46,028 | $48,980 |
| California | 53,589 | 55,681 | 59,646 | 62,637 | 65,870 |
| United States | 46,738 | 48,043 | 50,735 | 52,841 | 55,303 |

*Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.*

*[Remainder of page intentionally left blank.]*

## Construction Trends

The table below illustrates the building permits and valuations for the County for calendar years 2014 through 2018.

**FRESNO COUNTY**
**Total Building Permit Valuations**
**(Valuations in Thousands)**
**Calendar Years 2014 through 2018**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Permit Valuation | | | | | |
| New Single-family | $388,564.8 | $580,986.1 | $689,016.6 | $512,951.0 | $703,307.1 |
| New Multi-family | 43,654.0 | 34,183.5 | 52,363.2 | 131,175.3 | 67,589.9 |
| Res. Alterations/Additions | 35,354.2 | 31,800.5 | 30,648.8 | 29,478.7 | 47,115.5 |
| Total Residential | $467,573.0 | $646,970.1 | $772,028.6 | $673,605.0 | $818,012.5 |
| | | | | | |
| New Commercial | $98,770.4 | $210,280.3 | $184,408.2 | $201,676.5 | $139,662.0 |
| New Industrial | 21,368.5 | 8,359.4 | 14,895.8 | 14,087.9 | 37,564.8 |
| New Other | 49,382.5 | 121,042.6 | 147,642.2 | 68,383.0 | 90,451.9 |
| Com. Alterations/Additions | 70,566.8 | 88,609.5 | 80,745.4 | 69,202.2 | 229,373.0 |
| Total Nonresidential | $240,088.2 | $428,291.8 | $427,691.6 | $353,349.6 | $497,051.7 |
| | | | | | |
| New Dwelling Units | | | | | |
| Single Family | 1,140 | 2,153 | 2,559 | 1,886 | 2,560 |
| Multiple Family | 539 | 343 | 339 | 1,135 | 290 |
| TOTAL | 1,949 | 2,496 | 2,898 | 3,021 | 2,850 |

*Source: Construction Industry Research Board, Building Permit Summary.*

*[Remainder of page intentionally left blank.]*

## Commercial Activity

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table.

Total taxable sales during the first two quarters of calendar year of 2019 in the County were reported to be $7,661,157,009 a 2.37% increase over the total taxable sales of $7,484,148,154 reported during the first two quarters of calendar year of 2018. Annual figures for 2019 are not yet available.

**FRESNO COUNTY**
**Annual Taxable Transactions**
**Number of Permits and Valuation of Taxable Transactions**
**(Dollars in Thousands)**

| | Retail Stores | | Total All Outlets | |
|---|---|---|---|---|
| | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2014 | 12,268 | $8,998,182 | 18,304 | $13,328,511 |
| 2015(1) | 7,298 | 9,247,617 | 20,242 | 14,080,800 |
| 2016 | 13,128 | 9,567,618 | 20,530 | 14,073,246 |
| 2017 | 13,166 | 9,943,017 | 20,655 | 14,631,309 |
| 2018 | 13,166 | 10,067,448 | 21,036 | 15,386,256 |

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
*Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).*

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# APPENDIX D

## PROPOSED FORM OF OPINION OF BOND COUNSEL

__________, 2020

Board of Trustees
Laton Joint Unified School District
6259 East DeWoody
Laton, California 93242

***OPINION:*** $_______ Laton Joint Unified School District (Fresno and Kings Counties, California) General Obligation Bonds, Election of 2018, Series B

---

Members of the Board of Trustees:

We have acted as bond counsel to the Laton Joint Unified School District (the "District") in connection with the issuance by the District of $________ principal amount of Laton Joint Unified School District (Fresno and Kings Counties, California) General Obligation Bonds, Election of 2018, Series B dated the date hereof (the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution adopted by the Board of Trustees of the District (the "Board") on February 26, 2020 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes the valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the Board of Supervisors of the County of Fresno and the Board of Supervisors of the County of Kings are obligated to levy ad valorem taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions’ interest expense allocable to the portion of the Bonds designated as and comprising interest.

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

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX E

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

**$________**
**LATON JOINT UNIFIED SCHOOL DISTRICT**
**(Fresno and Kings Counties, California)**
**General Obligation Bonds, Election of 2018, Series B**
**(Bank Qualified)**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Laton Joint Unified School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on February 26, 2020 (the "**Resolution**"). The Bank of New York Mellon Trust Company, N.A. is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate**. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

**Section 2. Definitions**. In addition to the definitions set forth above and in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently being March 31 based on a fiscal year ending June 30).

"*Dissemination Agent*" means, initially, Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means The Bank of New York Mellon Trust Company, N.A. , or any successor thereto.

"*Participating Underwriter*" means O'Connor & Company Securities, Inc., the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**Section 3. <u>Provision of Annual Reports</u>**.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2021 with the report for the 2019-20 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

**Section 4. Content of Annual Reports**. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information shall be provided in the Annual Report:

(i) assessed valuation of taxable properties in the District for the most recently completed fiscal year;

(ii) assessed valuation of properties of the top twenty taxpayers for the most recently completed fiscal year;

(iii) if the District's levy for general obligation bonds is not included on Fresno County's Teeter Plan, property tax collection delinquencies for the District for the most recently completed Fiscal Year but only if available at the time of the filing of the Annual Report, for the prior fiscal year,

(iv) if available at the time of filing the Annual Report, the adopted budget or, alternatively, the most recently Board-approved interim report which contains budgeted and projected figures, for the fiscal year in which the Annual Report is filed, and

(v) such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission.

**Section 5. Reporting of Significant Events**.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

**Section 6. Identifying Information for Filings with the MSRB.** All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

**Section 7. Termination of Reporting Obligation**. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

**Section 8. Dissemination Agent**. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

**Section 9. Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

**Section 10. Additional Information**. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 11. Default**. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 12. Duties, Immunities and Liabilities of Dissemination Agent**.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

**Section 13. Beneficiaries**. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: __________, 2020

**LATON JOINT UNIFIED SCHOOL DISTRICT**

By: ______________________________
Name:_____________________________
Title:______________________________

**ACCEPTANCE OF DUTIES**
**AS DISSEMINATION AGENT:**

By: ________________________________
Name:______________________________
Title:_______________________________

## EXHIBIT A

## NOTICE OF FAILURE TO FILE ANNUAL REPORT

| | |
|---|---|
| Name of Issuer: | Laton Joint Unified School District (the "District") |
| Name of Bond Issue: | $_______ Laton Joint Unified School District, General Obligation Bonds, Election of 2018, Series B |
| Date of Issuance: | __________, 2020 |

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of __________, 2020. The District anticipates that the Annual Report will be filed by _____________.

Dated:__________________

**DISSEMINATION AGENT:**

By: ___________________________
Its: ___________________________

cc: Paying Agent and Participating Underwriter

# APPENDIX F

## DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 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 Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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# APPENDIX G

# FRESNO COUNTY INVESTMENT POLICY
# AND QUARTERLY REPORT

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Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

County of Fresno Treasury Investment Pool

# INVESTMENT POLICY

Established: 1984

Current Revision: November 5, 2019

(559) 600-3496
Room 105
Hall of Records
2281 Tulare Street
Fresno, California 93721

COUNTY OF FRESNO
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR
TREASURY INVESTMENT POOL

**INVESTMENT POLICY**

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COUNTY OF FRESNO
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR
TREASURY INVESTMENT POOL

# INVESTMENT POLICY

## 1.0 Purpose

The Auditor-Controller/Treasurer-Tax Collector's policy is to invest public funds in a manner that will provide a market average rate of return consistent with the objectives included in this Investment Policy while meeting the daily cash flow demands of the County Treasury, and conform to all applicable state laws governing the investment of public funds.

Investments differing from this policy shall be made only in circumstances where market timing or economic trends indicate such investments are beneficial. Such investments must comply with all applicable laws and may only be made with written approval by the Auditor-Controller/Treasurer-Tax Collector.

This Investment Policy is established under Government Code sections 27133 and 53646.

## 2.0 Scope

This Investment Policy applies to all financial assets deposited and retained in the County of Fresno Treasury Investment Pool.

## 3.0 Objective

The primary objectives, in priority order, of the County of Fresno's investment activities shall be the following:

3.1 Safety. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. Investments should be made in securities of high quality to avoid credit risk and loss of principal.

3.2 Liquidity. The investment portfolio should remain sufficiently liquid to enable the Treasury Investment Pool to meet all its operating requirements which might be reasonably anticipated.

3.3 Return on Investment. The investment portfolio shall be designed with the objective of attaining the highest interest revenue, taking into consideration the objectives of this Investment Policy and the cash flow characteristics of the portfolio.

3.4 Local Community Reinvestment. When it is in the best interest of the investment portfolio, and within the confines of other objectives enumerated in this Investment Policy, the Auditor-Controller/Treasurer-Tax Collector may give preference to local investment opportunities.

## 4.0 Delegation of Authority

The authority of the Board of Supervisors to delegate management responsibility for the County of Fresno Treasury Investment Pool is derived from GC 53607. Investment authority, in accordance with this provision, has been delegated to the Auditor-Controller/Treasurer-Tax Collector. The original delegation is in the Ordinance Code of the County of Fresno Section 2.20.080 and is subject to annual renewal by the Board of Supervisors. The Auditor-Controller/Treasurer-Tax Collector shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions (GC 53607).

No person may engage in an investment transaction for the Treasury Investment Pool except as provided under the terms of this policy and the procedures established by the Auditor-Controller/Treasurer-Tax Collector. The Auditor-Controller/Treasurer-Tax Collector shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff.

The County of Fresno Treasury Oversight Committee shall annually review and monitor the Investment Policy. The County of Fresno Treasury Oversight Committee shall also cause an annual audit to determine the Auditor-Controller/Treasurer-Tax Collector's compliance with this Investment Policy. The cost of the audit shall be considered an administrative cost of investing. Audit Reports are available to participants of the Treasury Investment Pool upon request (GC 27133, 27134 and 27135).

5.0 **Ethics and Conflict of Interest**

The Auditor-Controller/Treasurer-Tax Collector, the County of Fresno Treasury Oversight Committee and staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers or other persons with whom the County Treasury conducts business by any member of the County of Fresno Treasury Oversight Committee shall require the completion of an annual Statement of Economic Interests by each member to be filed with the member's respective agency. This policy sets a $470 per current filing limit on the amount of honoraria, gifts and gratuities that a committee member may receive from a single source in a calendar year.

6.0 **Prudence**

Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, and not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

6.1 The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk of market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

7.0 **Borrowing for Purposes of Making Investments**

The Fresno County Auditor-Controller/Treasurer-Tax Collector is prohibited from the practice of borrowing for the sole purpose of making investments.

8.0 **Authorized Investments and Limits**

All investments shall be governed by the Government Code and comply with the specific limitations set forth within this Investment Policy. Securities shall be valued at amortized cost when determining their percentage to the money in the County of Fresno Treasury Investment Pool. Additions or deviations from this list must be expressly authorized by the Government Code and approved by the Auditor-Controller/Treasurer-Tax Collector. Investments not expressly authorized by law are prohibited.

The Auditor-Controller/Treasurer-Tax Collector interprets the authorized investment limits to be based upon the portfolio allocation at the time a security is purchased. The portfolio allocation may temporarily fall outside of these limits due to maturities and fluctuations in the size of the pool after the purchase of a security. Additionally, the applicable credit ratings are interpreted to be based upon the rating at the time the security is purchased.

8.1 United States Treasury Bills, Notes, Certificates of Indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

8.2 Obligations issued by Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Mortgage Company, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in obligations, participations, or other instruments of or issued by a federal agency or a United States Government-sponsored enterprise.

8.3 Bills of Exchange or Time Drafts drawn on and accepted by a commercial bank, otherwise known as Bankers Acceptances, both domestic and foreign, which are eligible for purchase by the Federal Reserve System. Any investment in Bankers Acceptances shall be restricted to the top 150 banks in the world as determined by their total assets and limited to those institutions in this group whose short term debt rating is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical-rating service.

Purchases of Bankers Acceptances may not exceed 180 days maturity or 40 percent of the money in the Treasury Investment Pool.

8.4 Commercial Paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc., or Standard and Poor's (P-1; A-1). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and having an "A" or higher rating for the issuer's other outstanding debentures by Standard and Poor's, or its equivalent or better ranking by a nationally recognized statistical rating organization and a maximum maturity limit of 270 days.

Additionally GC 53635 limits the assets held by the Treasury Investment Pool in any single issuer to 10 percent and the total Commercial Paper investments may not exceed 40 percent of the total assets in the Treasury Investment Pool.

8.5 Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, savings association, federal association, or state-licensed branch of a foreign bank. Any investment is to be restricted to the top 150 banks in the world as determined by their total assets and limited to those institutions in this group whose short term debt rating is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher rating as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments.

Investments in Negotiable Certificates of Deposit (including those allowed under section 8.6.1) may not exceed 30 percent of the money in the Treasury Investment Pool. No more than 5 percent of the money shall be invested in any one institution.

8.6 Non-negotiable Time Certificates of Deposit issued by a nationally or state-chartered bank, savings association or federal association (GC 53601 (n)). Unless fully covered by FDIC insurance, including the interest earned, these investments require full collateralization with government securities totaling 110 percent or mortgages totaling 150 percent of the principal amount (GC 53652). Any investment is to be restricted to those institutions whose short term rating is of prime quality of the highest ranking as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments. Any investment will require the approval and execution of a Contract for Deposit by the Auditor-Controller/Treasurer-Tax Collector, as authorized by GC 53682.

Investments in Non-negotiable Time Certificates of Deposit may not exceed 50 percent of the money in the Treasury Investment Pool. No more than 15 percent of the money shall be invested in any one institution.

8.6.1 Investments in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit. Investments will be made in compliance with GC 53635.8. Investments shall be initially placed with a nationally or state-chartered commercial bank, savings bank, savings and loan association or a credit union in this state, which shall be known as the selected depository institution. Any investment will require the approval and execution of a Deposit Placement Agreement by the Auditor-Controller/Treasurer-Tax Collector. Investments in certificates of deposit under sections 8.5 and 8.6.1 may not exceed 30 percent of the money in the Treasury Investment Pool. Additionally, investments under 8.6.1 shall not exceed 15 percent of the money in the Treasury Investment Pool.

8.7 Investments in Repurchase Agreements representing United States Treasury Securities, United States Agency discount and coupon securities, domestic and foreign Banker's Acceptances, commercial paper, and domestic bank/savings associations or federal associations Negotiable Certificates of Deposit.

Investments shall be made only after the execution of a Repurchase and Custody Agreement (Tri-Party Agreement) between the County or the investment manager (if under contract), the dealer and the Custodian. Investments will consist of overnight Repurchase Agreements, which include weekend placements and maturities; however, securities with longer maturities may be used as collateral for these Agreements. (GC 53635.2)

Excluding circumstances of market-timing and known cash demands, investments in Repurchase Agreements shall be limited to not more than 15 percent of the money in the Treasury Investment Pool. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against these securities. Any exceptions to the maturity or investment amount provisions will require written approval by the Auditor-Controller/Treasurer-Tax Collector.

8.8 Medium-term Notes with a maximum remaining maturity of five years or less issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or higher, by Standard and Poor's Corporation, or its equivalent or better by a nationally recognized rating service

Investments in Medium-term Notes may not exceed 30 percent of the money in the Treasury Investment Pool.

8.9 Investment of funds in the Local Agency Investment Fund (LAIF) created by law, which the State Treasurer invests through the Pooled Money Investment Account. Money invested in LAIF is available for overnight liquidity; however, it is also subject to a limited number of transactions per month. Money shall be placed in LAIF as alternative liquid investments under the guidelines of this policy pertaining to yield. The County may invest up to the maximum amount permitted by LAIF, not to exceed 10 percent of the portfolio. The Auditor-Controller/Treasurer-Tax Collector may invest any portion of debt proceeds in the LAIF.

8.10 Shares of beneficial interest issued by diversified management companies, otherwise known as Mutual Funds, investing in the securities and obligations as authorized by the GC 53601 et. seq.

To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the Securities and Exchange Commission with at least five years of experience investing in the securities authorized by the GC sections noted above and with assets under management in excess of $500,000,000.

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of $500,000,000 (GC 53601).

Investment in Mutual Funds shall not include the payment of any commission that diversified management companies may charge and may not exceed 20 percent of the surplus funds in the Treasury Investment Pool. Only 10 percent of the surplus funds may be invested in any one mutual fund (GC 53601, 53635.2).

8.11 Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond of a maximum of five years maturity. Securities eligible for investment shall be rated "AA" or its equivalent or better by a nationally recognized rating service.

Investments in these securities may not exceed 10 percent of the funds in the Treasury Investment Pool.

8.12 Bond proceeds may be invested in accordance with the Government Code provisions, or they may be invested in alternative vehicles if authorized by bond documents (GC 53635.2 and California Debt and Investment Advisory Commission (CDIAC) Local Agency Investment Guidelines).

8.13 External Investment Managers. The Auditor-Controller/Treasurer-Tax Collector may contract with external investment managers to provide investment management services. These managers may be hired to invest funds not needed for liquidity and to increase the rate of return of the pool by employing an active investment strategy. The external investment manager is allowed to make specific investment decisions within the framework of this investment policy.

External investment managers are required to provide timely transaction documentation and investment reports to ensure that the manager's actions comply with the requirements of the law and this investment policy. External investment managers shall remit, at least quarterly, the interest earnings to the Pool to allow these earnings to be apportioned to the pool participants.

Selection of External Investment Managers is subject to section 13.0 of this Investment Policy. Additionally, after selection, the manager's performance shall be reviewed against the agreed upon benchmark.

8.14 Registered state warrants or treasury notes or bonds of the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

Investments in these securities may not exceed 10 percent of the surplus funds in the Treasury Investment Pool.

## 9.0 Selection of Investments

Investments, with the exception of California registered state warrants in section 8.14, above, shall only be made following a minimum of three competitive comparisons with offerings documented and retained for each type of investment.

## 10.0 Diversification

The Treasury Investment Pool shall be diversified by security type and institution.

## 11.0 Maximum Maturities

To the extent possible, investments shall be made to match anticipated cash requirements. Unless matched to a specific cash flow, normal investments will be in securities such that the average weighted maturity of the Treasury Investment Pool shall not exceed 3.5 years. Proceeds of sales or funds set aside for the repayment of any notes issued for temporary borrowing purposes shall not be invested for a term that exceeds the term of the notes.

12.0 **Selling Securities Prior to Maturity**

Securities purchased shall normally be held until maturity. Occasionally, opportunities will exist to sell securities prior to maturity and purchase other securities (swap/trade). Securities that are no longer in compliance with this Investment Policy may be sold prior to maturity. Securities may also be sold in order to maintain the liquidity of the Treasury Investment Pool.

13.0 **Authorized Financial Dealers and Institutions**

The Auditor-Controller/Treasurer-Tax Collector shall maintain a list of financial institutions authorized to provide investment services. In addition, a list shall also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15c3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following: audited financial statements, proof of Financial Industry Regulatory Authority membership, trading resolution, proof of state registration, completed broker-dealer questionnaire, certification of having read this Investment Policy, and if applicable, depository contracts. Broker-dealers are evaluated and selected based upon criteria that include: organization experience and credibility, individual broker-dealer qualifications, compliance, product inventory, and economic research.

An annual review of the financial conditions and registrations of selected brokers shall be conducted by the Auditor-Controller/Treasurer-Tax Collector. A current audited financial statement is required to be on file for each authorized financial institution and broker-dealer.

Investment managers are evaluated and selected based upon criteria that include: organization experience and credibility, staff experience, compliance, and performance.

The selection of any broker, brokerage firm, dealer or securities firm that has, within any consecutive 48 month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Auditor-Controller/ Treasurer-Tax Collector or member of the Board of Supervisors or any candidate for those offices is prohibited. The County will, to the best of its ability, monitor and comply with this requirement.

14.0 **Confirmation**

Receipts for confirmation of purchase of authorized securities should include the following information: trade date, par value, maturity, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, and third party custodian information. Confirmation of all investment transactions should be received by the Auditor-Controller/Treasurer-Tax Collector within five business days of the transaction.

15.0 **Safekeeping and Custody**

Investments, excluding Non-negotiable Time Certificates of Deposit, Repurchase Agreements and investments that are under the management of contracted parties, shall be held in custody with the Service Bank or its correspondent or other institutions approved by the Auditor-Controller/Treasurer-Tax Collector. Investments in Repurchase Agreements shall be held in custody by the Custodian to the Tri-Party Agreement.

16.0 **Performance Standards**

The investment portfolio shall be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account investment risk constraints and cash flow needs.

16.1 Market yield benchmark. The investment strategy is passive. Given this strategy, the basis used by the Auditor-Controller/Treasurer-Tax Collector to determine whether market yields are being achieved shall be the one-year U.S. Treasury note rate.

17.0 **Administrative Cost of Investing**

The Auditor-Controller/Treasurer-Tax Collector may deduct actual administrative costs associated with investing, depositing, banking, auditing, reporting, or otherwise handling or managing of funds. The administrative costs shall be segregated and deducted from the interest earnings of the Treasury Pool each quarter prior to the distribution of interest earnings.

18.0 **Credit of Interest Earnings**

Interest shall be credited based on the average daily cash balance of money on deposit in the County Treasury for the calendar quarter and shall be paid quarterly.

## 19.0 Local Agency Deposit of Excess Funds

The County Auditor-Controller/Treasurer-Tax Collector is authorized to accept deposits of excess funds from local agencies within Fresno County pursuant to Resolution 98-354 and in accordance with Government Code section 53684. Such deposits will be accepted, if at all, subject to the terms and conditions of a written agreement between the depositing agency and the Auditor-Controller/Treasurer-Tax Collector. In deciding whether to accept such deposits, the Auditor-Controller/ Treasurer-Tax Collector considers factors that may include, but are not limited to, the objectives of this policy, the potential effect of such deposits on the volatility of the investment portfolio, the human resources available to conduct investment activities, and the best interests of current depositors.

## 20.0 Withdrawal of Funds from the Treasury Pool

The withdrawal of funds by any depositor/participant in the County of Fresno Treasury Investment Pool shall not adversely affect the interests of the other depositors/participants in the County of Fresno Treasury Investment Pool. All withdrawals that are not considered as funds being utilized for operations shall be presented to the Auditor-Controller/Treasurer-Tax Collector for review and approval. The Auditor-Controller/Treasurer-Tax Collector shall perform an assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the Treasury Investment Pool as is required by GC 27136 and 27133. Prior to the approving a withdrawal, the Auditor-Controller/Treasurer-Tax Collector shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the Treasury Investment Pool. All requests for withdrawals shall be considered in order of receipt and shall in no way affect the ability of the Auditor-Controller/ Treasurer-Tax Collector to meet the pool's expenditure requirements.

If the Auditor-Controller/Treasurer-Tax Collector's assessment of the effect of the proposed withdrawal does not negatively impact the stability and predictability of the investments and the interests of other depositors, the Auditor-Controller/Treasurer-Tax Collector may authorize a total or partial withdrawal of funds from the Treasury Pool. A total withdrawal of funds from the County of Fresno Treasury Investment Pool by a participant requires a 30-day written notice to the Auditor-Controller/Treasurer-Tax Collector. Withdrawals involving less than the participant's total funds (other than for operational needs) are subject to all of the following constraints:

- each withdrawal shall be limited to a maximum of $5,000,000

- no more than two withdrawals of a non-operational purpose are allowed per 30 day period

- at least ten days must lapse before the second withdrawal in any 30 day period will be considered by the Auditor-Controller/Treasurer-Tax Collector

- each withdrawal shall be submitted to the Auditor-Controller/ Treasurer-Tax Collector at least 2 business days prior to the date of withdrawal

The depositor/participant shall notify the Auditor-Controller/Treasurer-Tax Collector of normal operating expenditures or disbursements in excess of $1,000,000 as early as possible, preferably three business days in advance of disbursement, in order to adjust the cash position to meet disbursement requirements.

21.0 **Reporting**

The Auditor-Controller/Treasurer-Tax Collector shall provide the Board of Supervisors with a monthly inventory report and a monthly transaction report of the Treasury Investment Pool. The Auditor-Controller/Treasurer-Tax Collector shall provide a quarterly investment report to the Board of Supervisors, the County Administrative Officer and the County of Fresno Treasury Oversight Committee. The quarterly report shall be submitted within 30 days following the end of the quarter covered by the report. Monthly inventory reports and quarterly investment reports are available to participants of the pool upon request (GC 53646).

22.0 **Internal Control**

As part of the County of Fresno's annual independent audit, the investment program shall be reviewed for appropriate internal controls that provide assurance of compliance with policies and procedures.

23.0 **Investment Policy Review**

This Investment Policy shall be reviewed on an annual basis by the Auditor-Controller/Treasurer-Tax Collector and rendered annually to the Board of Supervisors and the County of Fresno Treasury Oversight Committee, which consists of the following members:

- The County Auditor-Controller/Treasurer-Tax Collector
- A representative appointed by the County Board of Supervisors
- The County Superintendent of Schools or the Superintendent's designee

- A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County
- A representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the County that are required or authorized to deposit funds in the County Treasury

The Board of Supervisors shall accept and approve the investment policy and any changes thereto at a public meeting (GC 27133, 53646).

## 24.0 Disaster/Business Continuity Plan

The County of Fresno Treasurer's banking and investment functions are critical to the function of Treasury Investment Pool and therefore must have a continuity plan to guide operations in the event of a disaster or business interruption.

The objective of the Disaster/Business Continuity Plan is to protect and account for all funds on deposit with the county treasurer and to be able to continue banking and investment functions for all participants in the event of an occurrence; i.e., earthquake, fire, flood, or some other event, which disrupts normal operations. The Plan provides for the ability to perform banking and investment functions at an off-site location under less than optimal conditions.

Approved

Oscar J. Garcia

Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector

10/29/19
Date

## APPENDIX A

| Permitted Investments/Deposits | Government Code Limits % | Investment Policy Limits % | Investment Policy Term Limit | Minimum Rating |
|---|---|---|---|---|
| Securities of the U.S. Government | No Limit | No Limit | 5 years | N/A |
| Securities issued by United States Government Sponsored Enterprises | No Limit | No Limit | 5 years | N/A |
| Bankers Acceptances (1) | 40% | 40% | 180 days | N/A |
| Commercial Paper | 40% | 40% | 270 days | P-1, A-1 |
| Negotiable Certificates of Deposit (2) | 30% | 30% | 13 months | P-1, or A-1 or 4 Star |
| Non-negotiable Certificates of Deposit (2) | No Limit | 50% | 13 months | P-1 or A-1 or 4 Star |
| Account Registry Service Deposits (2) | 30% | 15% | 13 months | N/A |
| Repurchase Agreements | No Limit | 15% | Overnight/Weekend | N/A |
| Medium Term Notes | 30% | 30% | 5 years | A |
| LAIF (3) | No Limit | 10% | 5 years | N/A |
| Mutual Funds (4) | 20% | 20% | 5 years | AAA,Aaa |
| Mortgage-Backed Securities | 20% | 10% | 5 years | AA |
| State of California Debt | No Limit | 10% | 5 years | N/A |

<u>APPENDIX A</u>
(Continued)

(1) Investment policy limits any investment in bankers acceptances to the top 150 banks in the world as determined by their total assets and limited to those institutions in this group whose short term debt is of prime quality and of the highest ranking as provided for by Moody's or Standard and Poor's (P-1, A-1).

(2) Banks, savings associations or federal associations having a "4 Star" or higher rating as provided by Bauer Financial, Inc. or a comparable rating service. For negotiable certificates of deposit, no more than 5 percent of the money shall be invested in any one institution. Negotiable certificates of deposit and account registry service deposits combined shall not exceed 30% of the portfolio. For non-negotiable certificates of deposit, no more than 15 percent of the money shall be invested in any one institution.

(3) LAIF Board of Directors currently limits the investment to $65,000,000, excluding bond and note proceeds. Government Code does not place a percentage limit on the amount of money that may be invested in LAIF.

(4) Diversified management companies investing in the securities and obligations as authorized by California Government Code, Sections 53601, et seq., shall either (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the SEC with at least five years of experience investing in the securities authorized by code sections noted in the policy and with assets under management in excess of $500,000,000.

Diversified management companies issuing shares of beneficial interest that are money market funds registered with the Securities and Exchange Commission (SEC) under the Investment Act of 1940 shall either (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the SEC with not less than five years of experience managing money market mutual funds with assets under management in excess of $500,000,000. Only 10 percent of the money may be invested in any one mutual fund.

## APPENDIX B

### RATING SUMMARY

| RATING SERVICE | RATING CATEGORY | RATING DEFINITION |
|---|---|---|
| Moody's | Aaa | Best Quality |
| | Aa | High Quality |
| | A | Upper-medium grade |
| | Baa | Medium grade obligations |
| | Ba | Judged to have speculative elements |
| | B | Lack characteristics of desirable investment |
| | Caa | Investment in poor standing |
| | Ca | Speculative in a high degree |
| | C | Poor prospect of attaining investment standing |
| Moody's Modifiers | 1,2,and 3 | Rankings within rating category |
| Moody's Commercial Paper | Prime-1 | Superior ability for repayment |
| | Prime-2 | Strong ability for repayment |
| | Prime-3 | Acceptable ability for repayment |
| | Not Prime | Do not fall in top 3 rating categories |
| Standard & Poors | AAA | Highest Rating |
| | AA | Strong capacity for repayment |
| | A | Strong capacity for repayment but less than AA category |
| | BBB | Adequate capacity for repayment |
| | BB | Speculative |
| | B | Greater vulnerability to default than BB category |
| | CCC | Identifiable vulnerability to default |
| | CC | Subordinated debt of issues ranked in CCC category |
| | C | Subordinated debt of issues ranked in CCC category |
| | Cl | Income bonds where no interest is paid |
| | D | Default |
| Standard & Poors – Modifiers | (+) or (-) | Rankings within rating category |
| Standard & Poors – Commercial | A-1 | Highest degree of safety |
| | A-2 | Timely repayment characteristics is satisfactory |
| | A-3 | Adequate capacity for repayment |
| | B | Speculative |
| | C | Doubtful repayment |
| | D | Default |

APPENDIX B
(Continued)

RATING SUMMARY

| RATING SERVICE | | RATING CATEGORY | RATING DEFINITION |
|---|---|---|---|
| Fitch | | AAA | Highest credit quality |
| | | AA | Very high credit quality |
| | | A | High credit quality |
| | | BBB | Good credit quality |
| | | BB | Speculative |
| | | B | High speculative |
| | | CCC, CC, C | High default risk |
| | | DDD, DD, D | Default |
| Fitch | Modifiers | "+" or "- | Relative status within rating categories |
| Fitch | Commercial Paper | F1 | Highest credit quality |
| | | F2 | Good credit quality |
| | | F3 | Fair credit quality |
| | | B | Speculative |
| | | C | High default risk |
| | | D | Default |
| Bauer | | 5 Star | Superior |
| | | 4 Star | Excellent |
| | | 3 ½ Star | Good |
| | | 3 Star | Adequate |
| | | 2 Star | Problematic |
| | | 1 Star | Troubled |
| | | Zero | Our lowest star rating |

APPENDIX C

# Glossary of Cash Management Terms

The following is a glossary of key investing terms, many of which appear in County of Fresno Treasury Investment Policy. This glossary has been adapted from the Government Finance Officers Association (GFOA) sample investment policy.

Accrued Interest - The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization - The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Average Life - The average length of time that an issue of serial bonds term bonds, or both, with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance - A draft or bill or exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

Basis Point - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., 1/4 of 1 percent is equal to 25 basis points.

Bid - The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value - The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Callable Bond - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk - The risk to a bondholder that a bond may be redeemed prior to maturity.

Cash Sale/Purchase - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

APPENDIX C
(Continued)

Certificate of Deposit (CD) – A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period.

Certificate of Deposit Account Registry System (CDARS) – A private CD placement service that allows local agencies to purchase more than $100,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $100,000 each, so that FDIC coverage is maintained.

Collateralization - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan security, or both.

Commercial Paper - An unsecured short-term promissory note issued, with maturities ranging from 1 to 270 days.

Convexity - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Coupon Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

Credit Quality - The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating services.

Credit Risk - The risk to an investor that an issuer will default in the payment of interest principal on a security, or both.

Current Yield (Current Return) - A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Delivery Versus Payment (DVP) - A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Discount - The amount by which the par value of a security exceeds the price paid for the security.

Diversification - A process of investing assets among a range of security types by sector, maturity, and quality rating.

Fair Value - The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

APPENDIX C
(Continued)

Federal Funds (Fed Funds) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate - Interest rate charged by one institution lending federal funds to the other.

Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms in the United States.

Government Securities - An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

Interest Rate - See "Coupon Rate."

Interest Rate Risk - The risk associated with declines or rises in interest rates which cause in investment in a fixed-income security to increase or decrease in value.

Inverted Yield Curve - A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Company Act of 1940 - Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Investment-grade Obligations - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Liquidity - An asset that can be converted easily and quickly into cash without significant loss of value.

Local Agency Investment Fund - A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

Local Government Investment Pool (LGIP) - An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-market - The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

APPENDIX C
(Continued)

Market Risk - The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value - Current market price of a security.

Maturity - The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

Medium-Term Note - Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in California Government Code) with a remaining maturity of five years or less.

Money Market Mutual Fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mortgage Backed Securities - Mortgage-backed securities (MBS) are created when a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interest or participations in the pool. MBS owners receive a prorate share of the interest and principal passed through from the pool of mortgages. Most MBS are issued guaranteed, or both, by federal agencies and instrumentalities.

Mortgage Pass-Through Obligations - Securities that are created when residential mortgages are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

Mutual Fund - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

## APPENDIX C
(Continued)

Negotiable Certificates of Deposit - Short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, or state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

Net Asset Value - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.) [(Total assets) - (Liabilities)]/(Number of shares outstanding)

Nominal Yield - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

Non-negotiable Certificates of Deposit - CDs that carry a penalty if redeemed prior to maturity. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to $100,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral.

Offer - An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Par - Face value or principal value of a bond, typically $1,000 per bond.

Positive Yield Curve - A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium - The amount by which the price paid for a security exceeds the security's par value.

Principal - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

APPENDIX C
(Continued)

Regular Way Delivery - Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

Reinvestment Risk - The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

Repurchase Agreement (Repo or RP) - An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Reverse Repurchase Agreement (Reverse Repo) - An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule 2a-7 of the Investment Company Act - The Securities and Exchange Commission regulates money market funds in the United States and this rule restricts quality, maturity and diversity of investments by money market funds in an attempt to provide a safe, liquid alternative to bank deposits, while providing a higher yield.

Safekeeping - Holding of assets (e.g., securities) by a financial institution.

Swap - Trading one asset for another.

Term Bond - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Total Return - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends paid) + (Capital gains) = Total Return

Treasury Bills - Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of $10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

APPENDIX C
(Continued)

Treasury Notes - Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from $1,000 to $1 million or more.

Treasury Bonds - Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of $1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Uniform Net Capital Rule - SEC Rule 15c3-1 outlining capital requirements for broker-dealers.

Volatility - A degree of fluctuation in the price and valuation of securities.

Weighted Average Maturity (WAM) - The dollar-weighted average maturity of all the securities that comprise a portfolio.

When Issued (WI) - A conditional transaction in which an authorized new security has not been issued. All "when issued" transactions are settled when the actual security is issued.

Yield - The current rate of return on an investment security generally expressed as a percentage of the security's current price.

Yield-to-call (YTC) - The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield Curve - A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-maturity - The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Zero-coupon Securities - Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

# Quarterly Investment Report

As of December 31, 2019

P.O. Box 1247 | Fresno, CA 93715 | Telephone 559.600.3487 | investments@FresnoCountyCA.gov

## Table of Contents

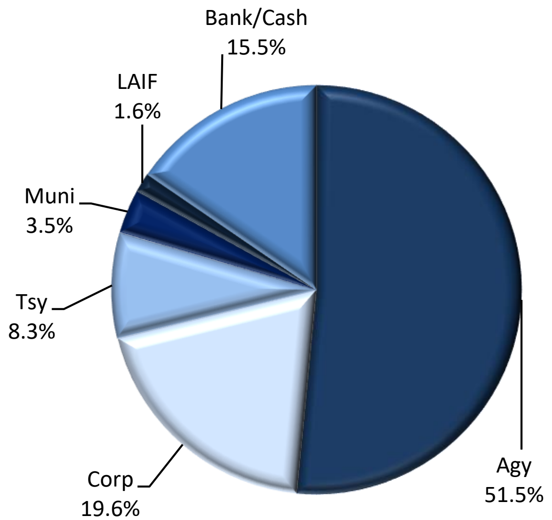



Board of Supervisors: Buddy Mendes, Brian Pacheco, Nathan Magsig, Sal Quintero, Steve Brandau

County Administrative Officer: Jean Rousseau

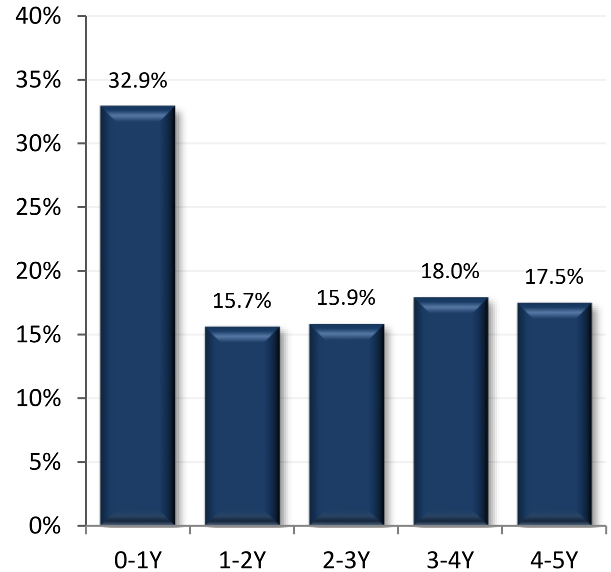
**County of Fresno** 12/31/2019

## SECTOR ALLOCATION



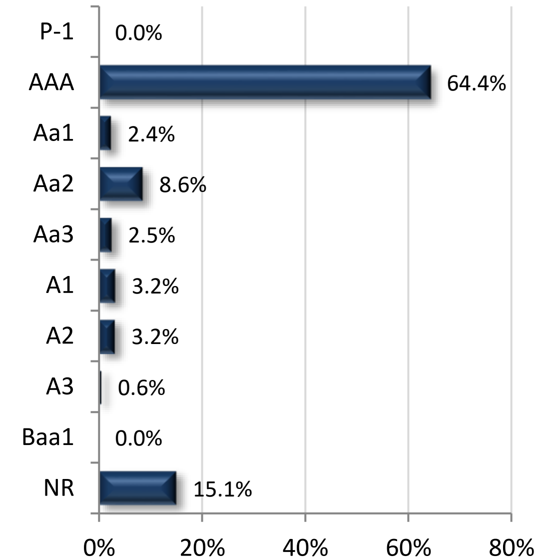

Per Book Value

## MATURITY DISTRIBUTION




Per Book Value

## CREDIT QUALITY (MOODY'S)



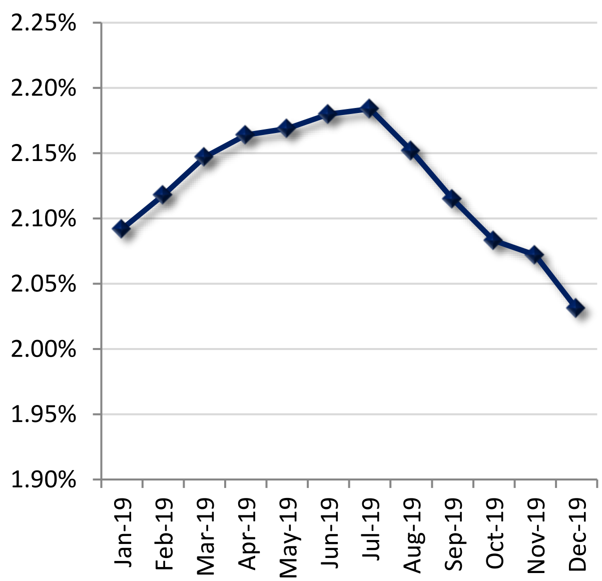

NR: Not Rated

## ACCOUNT SUMMARY

| | 12/31/19 | 9/30/19 |
|---|---|---|
| **Market Value** | $4,216,158,910 | $3,691,845,342 |
| **Book Value*** | $4,179,751,295 | $3,651,702,399 |
| **Unrealized G/L** | $36,407,615 | $40,142,943 |
| **Par Value** | $4,175,314,810 | $3,651,563,707 |
| **Net Asset Value** | $100.871 | $101.099 |
| **Book Yield** | 2.03% | 2.12% |
| **Years to Maturity** | 2.06 | 2.02 |
| **Effective Duration** | 1.96 | 1.93 |

*Book Value is Amortized

## PORTFOLIO BOOK YIELD HISTORY




## TOP ISSUERS

| Issuer | % Portfolio |
|---|---|
| FEDERAL HOME LOAN BANK | 19.3% |
| FEDERAL NATIONAL MORTGAGE | 18.2% |
| FEDERAL FARM CREDIT BANK | 12.4% |
| BANK OF THE WEST MM | 12.0% |
| US TREASURY NOTE | 8.3% |
| STATE OF CALIFORNIA | 3.5% |
| JP MORGAN | 2.8% |
| MICROSOFT | 2.6% |
| TOYOTA MOTOR CREDIT | 2.5% |
| US BANK NA | 2.5% |
| APPLE INC | 2.4% |
| FIDELITY 2642 | 1.9% |
| WELLS FARGO | 1.8% |
| JOHN DEERE | 1.7% |
| LAIF | 1.6% |

Per Book Value

| Item / Sector | Parameters | In Compliance | |
|---|---|---|---|
| 11.0 Weighted Average Maturity | Weighted Average Maturity (WAM) must be less than 3.5 years. | Yes | 2.06 Yrs |
| 8.1 U.S. Treasuries | No sector limit, no issuer limit, max maturity 5 years. | Yes | 8.3% |
| 8.2 U.S. Agencies | No sector limit, no issuer limit, max maturity 5 years. | Yes | 51.5% |
| 8.3 Banker Acceptances | 40% limit, Issue is eligible for purchase by Federal Reserve. Issuer is among 150 largest banks based on total asset size; max maturity 180 days; rated A-1 or P-1. | Yes | 0.0% |
| 8.4 Commercial Paper | 40% limit, corporation organized and operating in the US with total assets of $500mm. 10% of issuer's CP / 10% in any one issuer; max maturity 270 days; minimum short-term rating of A-1 by S&P or P-1 by Moody's, minimum long-term rating of A by S&P or its equivalent or better ranking by a nationally recognized rating service. | Yes | 0.0% |
| 8.5 Negotiable CDs | 30% limit (combined with 8.6.1), Issued by national or state chartered bank or savings assoc., or a state licensed branch of a foreign bank that is among 150 largest banks in total asset size; minimum short-term rating of P-1 or A-1 or issuer meets rating requirements; 5% in any one issuer, max maturity 13 months. | Yes | 0.0% |
| 8.6 Non-Negotiable CDs | 50% limit, Issued by national or state chartered bank or savings association. FDIC insurance OR full collateralization of 110% government or 150% mortgages. Contract for Deposit in place. 15% in any one issuer; short-term rating is a minimum of A-1 by S&P or P-1 by Moody's, max maturity 13 months. | Yes | 0.0% |
| 8.6.1 Placement CDs | 15% limit (30% combined with 8.5), Issued by national or state chartered bank or savings association or credit union that uses a placement entity. Deposit Placement Agreement in place. | Yes | 0.0% |
| 8.7 Repurchase Agreements | 15% limit, Tri-party agreement in place. 102% collateralization of US treasuries or agencies, BAs, CP, Negotiable CD's; Overnight or weekend maturities. | Yes | 0.0% |
| 8.8 Medium-Term Notes | 30% limit, organized and operating in the US or state licensed depository institution; max maturity 5 years; rated A or better by S&P, or its equivalent or better by a nationally recognized rating service. | Yes | 19.6% |
| 8.9 L.A.I.F | California State's deposit limit is $65 million; Current investment policy limit is not to exceed 10% of the portfolio. | Yes | $65 Mil |

| Item / Sector | Parameters | In Compliance | |
|---|---|---|---|
| 8.10 Mutual Funds/ Money Markets Funds | 20% limit, 10% per issuer; Registered with SEC, 5 years experience, $500mm AUM or rated by AAA-m, Aaa-mf, AAA-m by not less than two nationally recognized rating agencies. | Yes | 1.9% |
| 8.11 ABS and MBS | 10% limit combined. Security must be AA rated by one rating agency, with an A or better rating for the underlying, max maturity 5 years. | Yes | 0.0% |
| 8.12 Money Held from Pledged Assets | Invest according to statutory provision or according to entity providing issuance. | Yes | 0.0% |
| 8.13 External Managers | Invest per policy. | Yes | 0.0% |
| 8.14 State of California Debt | 10% limit, Registered State warrants or CA treasury notes, including revenue producing entities controlled or operated by the State or by a department, board, agency, or authority of the State; 5 years max maturity. | Yes | 3.5% |
| Cash & Bank Account | NA | NA | 13.5% |

**Compliance**

The Treasury Investment Pool is in compliance with the County of Fresno Treasury Investment Pool Investment Policy.
The Treasury Investment Pool contains sufficient cash flow to meet the expected expenditures for the next six months.

**Review and Monitoring**

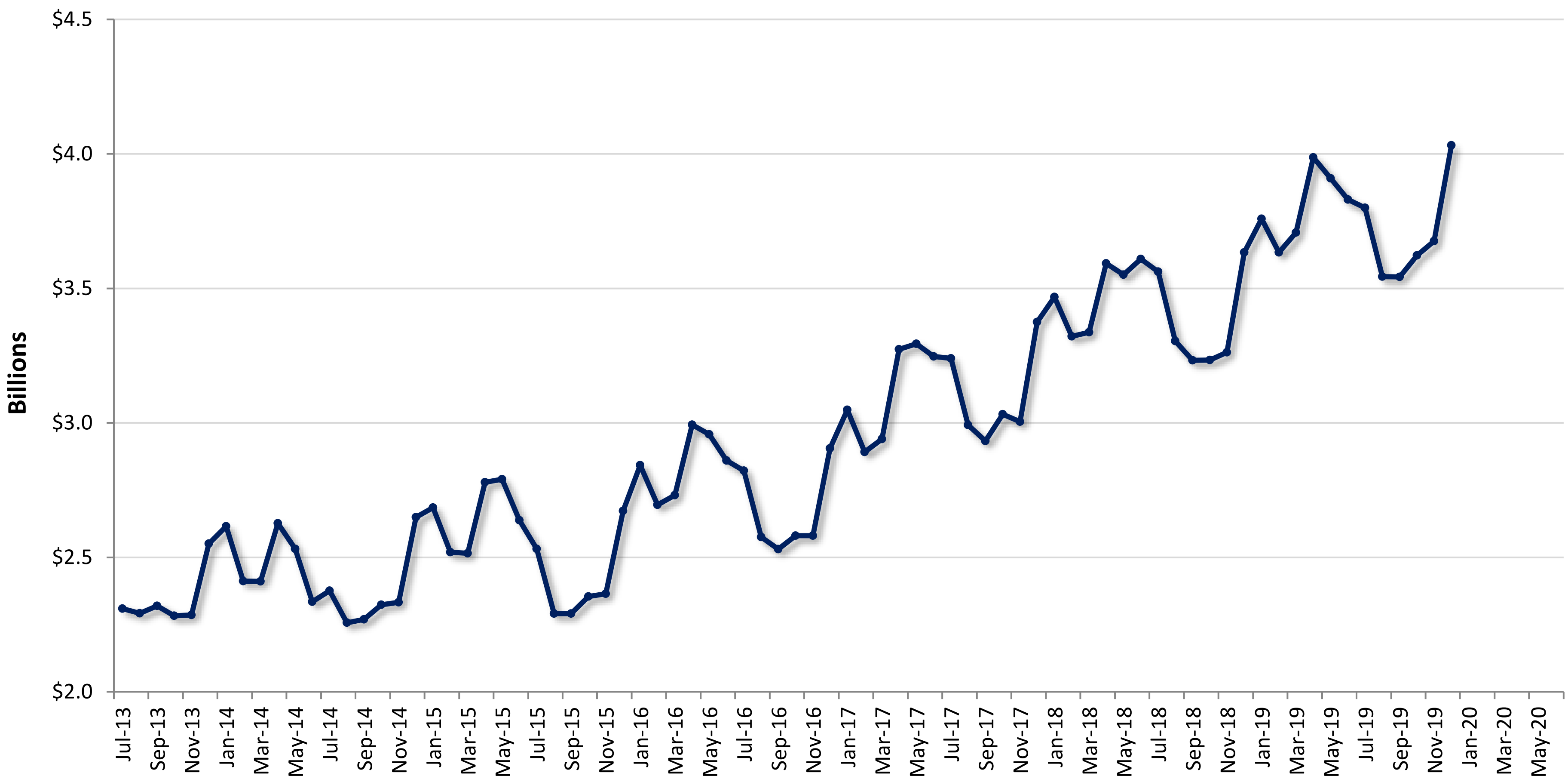
FHN Financial Main Street Advisors, the County's investment advisor, currently monitors the Treasury Department's investment activities.

**Additional Information**

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

The market values of securities were taken from pricing services provided by Ice Data Services.

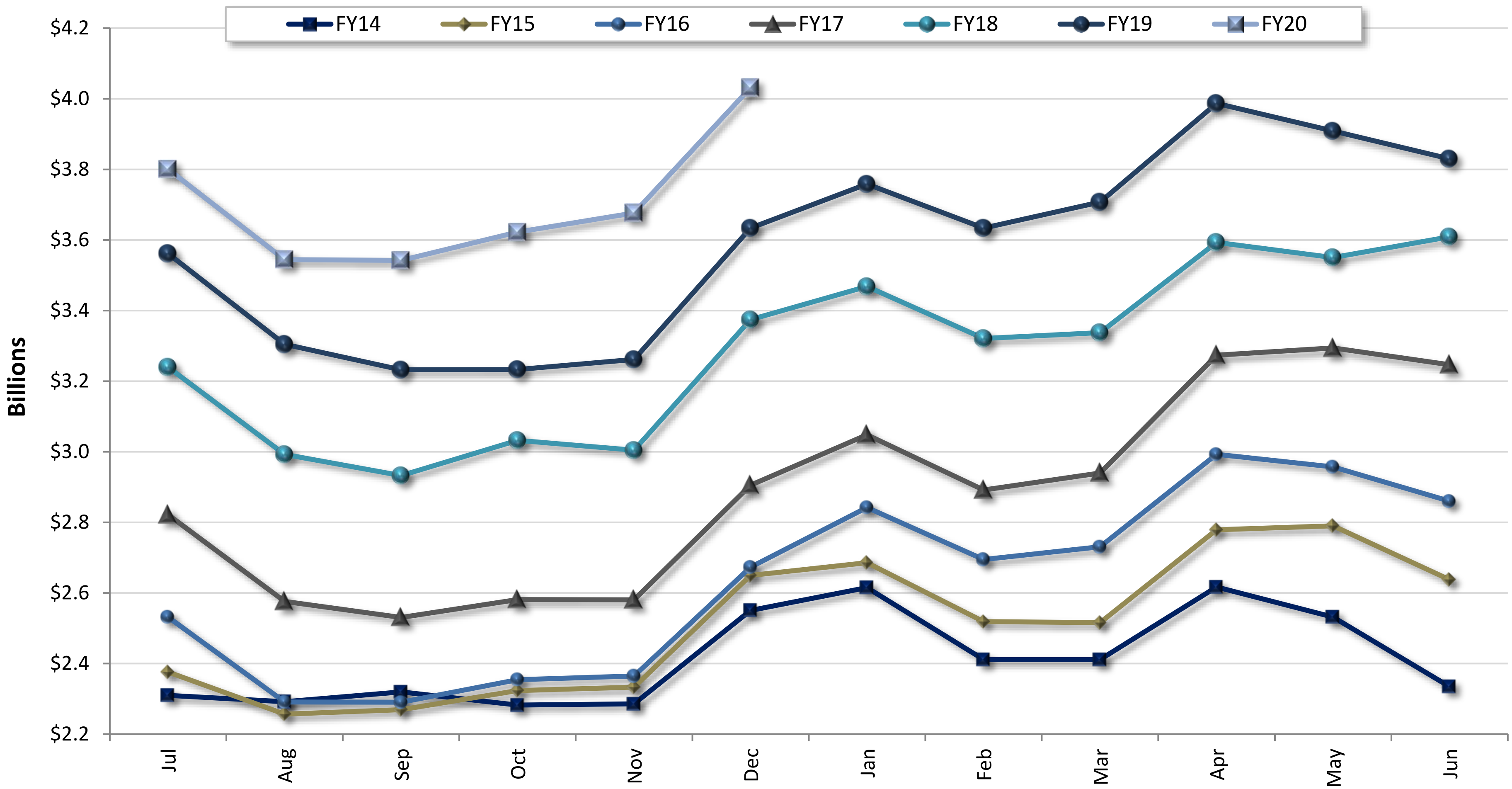
## Historical Book Values




| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year 2014 | $2.310 | $2.291 | $2.319 | $2.282 | $2.285 | $2.551 | $2.615 | $2.411 | $2.411 | $2.617 | $2.531 | $2.335 |
| Fiscal Year 2015 | $2.375 | $2.256 | $2.269 | $2.323 | $2.333 | $2.649 | $2.685 | $2.519 | $2.515 | $2.778 | $2.790 | $2.637 |
| Fiscal Year 2016 | $2.531 | $2.291 | $2.290 | $2.354 | $2.365 | $2.673 | $2.842 | $2.695 | $2.731 | $2.993 | $2.957 | $2.860 |
| Fiscal Year 2017 | $2.822 | $2.576 | $2.530 | $2.581 | $2.580 | $2.905 | $3.048 | $2.891 | $2.940 | $3.274 | $3.294 | $3.247 |
| Fiscal Year 2018 | $3.240 | $2.992 | $2.932 | $3.032 | $3.004 | $3.374 | $3.468 | $3.321 | $3.337 | $3.593 | $3.550 | $3.609 |
| Fiscal Year 2019 | $3.562 | $3.305 | $3.232 | $3.233 | $3.262 | $3.634 | $3.759 | $3.634 | $3.707 | $3.987 | $3.909 | $3.830 |
| Fiscal Year 2020 | $3.800 | $3.544 | $3.542 | $3.622 | $3.676 | $4.031 | | | | | | |

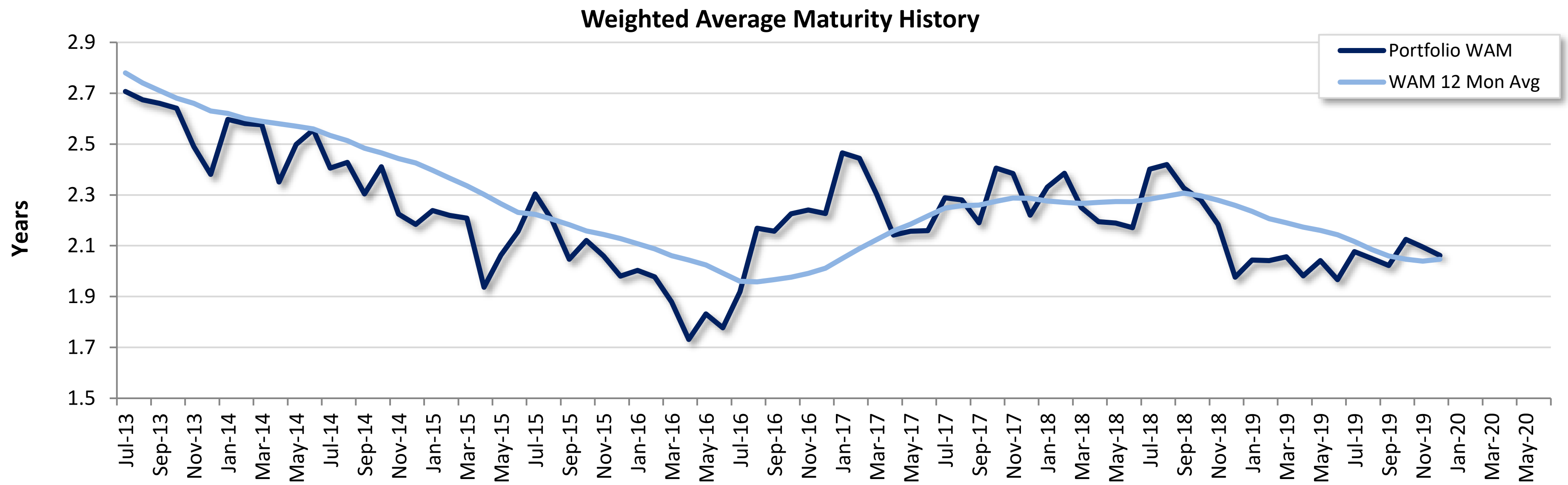
Figures in Billions, Average Daily Balance

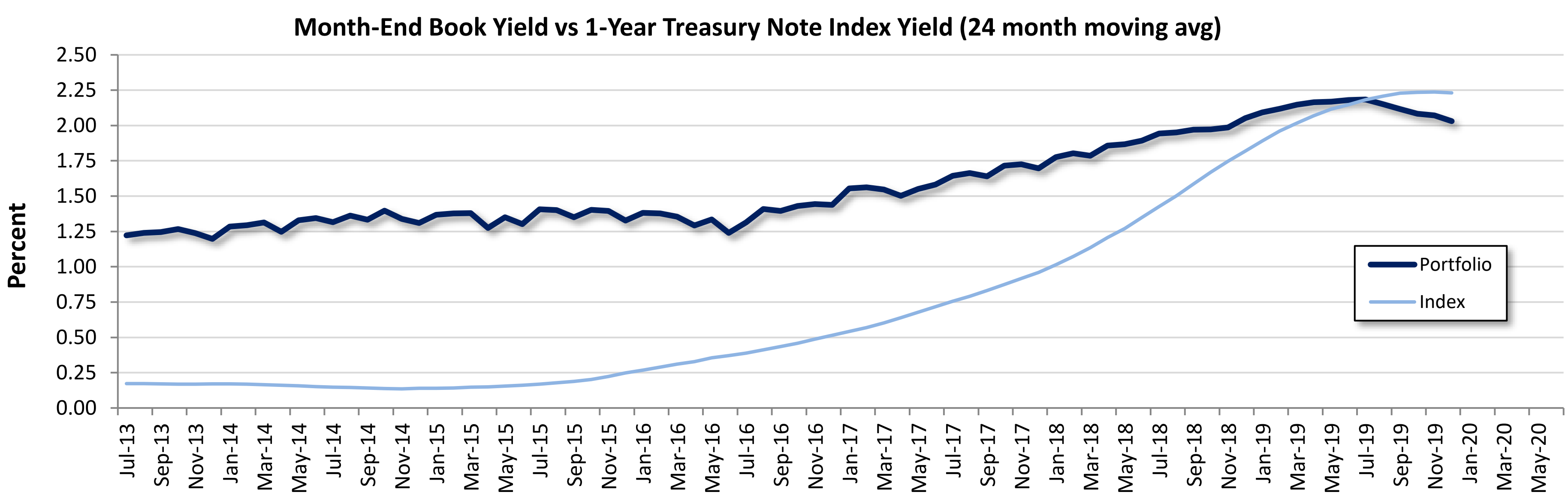
## Historical Book Values Per Fiscal Year




| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fiscal Year 2014** | $2.310 | $2.291 | $2.319 | $2.282 | $2.285 | $2.551 | $2.615 | $2.411 | $2.411 | $2.617 | $2.531 | $2.335 |
| **Fiscal Year 2015** | $2.375 | $2.256 | $2.269 | $2.323 | $2.333 | $2.649 | $2.685 | $2.519 | $2.515 | $2.778 | $2.790 | $2.637 |
| **Fiscal Year 2016** | $2.531 | $2.291 | $2.290 | $2.354 | $2.365 | $2.673 | $2.842 | $2.695 | $2.731 | $2.993 | $2.957 | $2.860 |
| **Fiscal Year 2017** | $2.822 | $2.576 | $2.530 | $2.581 | $2.580 | $2.905 | $3.048 | $2.891 | $2.940 | $3.274 | $3.294 | $3.247 |
| **Fiscal Year 2018** | $3.240 | $2.992 | $2.932 | $3.032 | $3.004 | $3.374 | $3.468 | $3.321 | $3.337 | $3.593 | $3.550 | $3.609 |
| **Fiscal Year 2019** | $3.562 | $3.305 | $3.232 | $3.233 | $3.262 | $3.634 | $3.759 | $3.634 | $3.707 | $3.987 | $3.909 | $3.830 |
| **Fiscal Year 2020** | $3.800 | $3.544 | $3.542 | $3.622 | $3.676 | $4.031 | | | | | | |

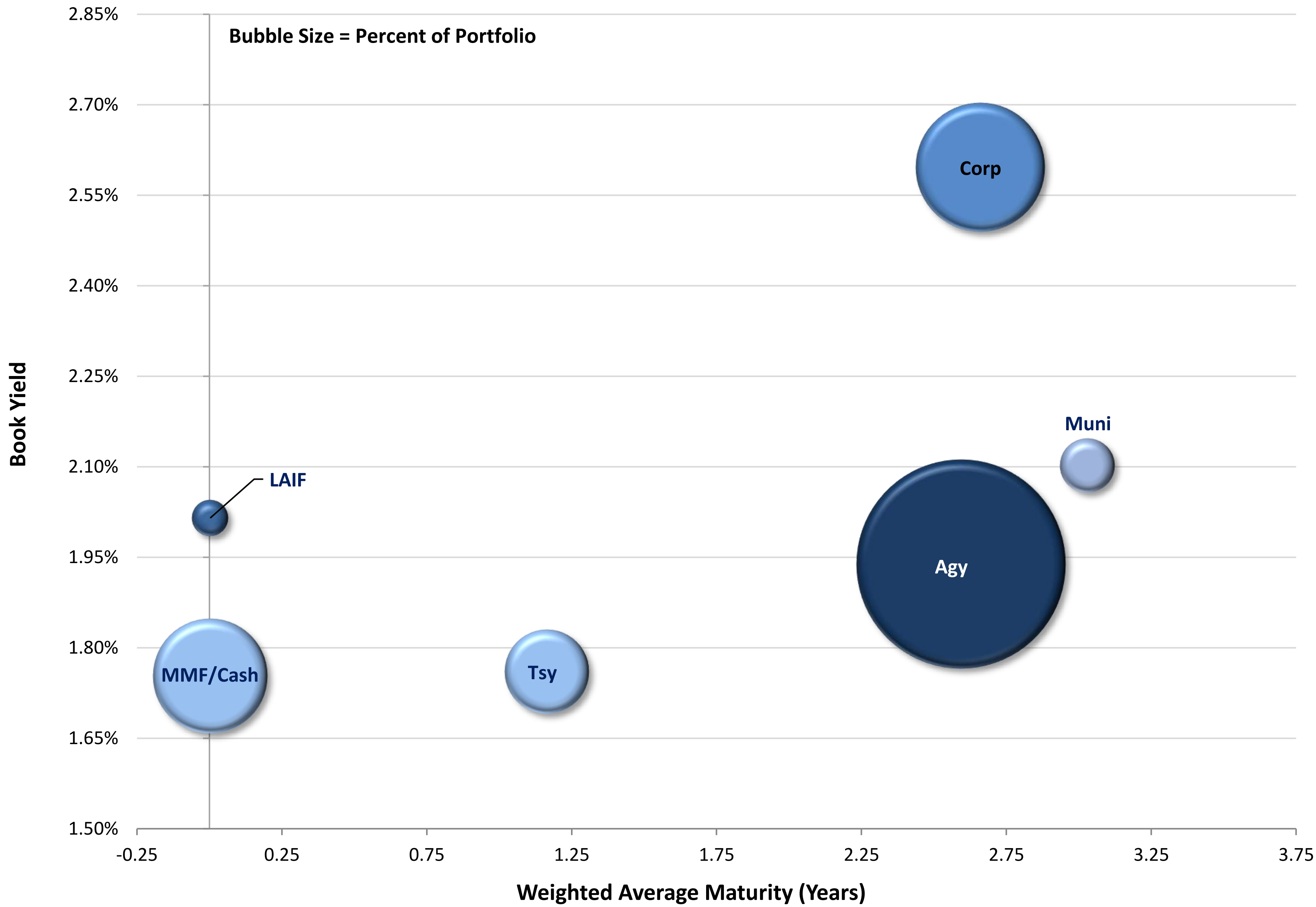
Figures in Billions, Average Daily Balance




Index: 24 Month Moving Average of the ICE BofAML 1-Year US Treasury Note Index

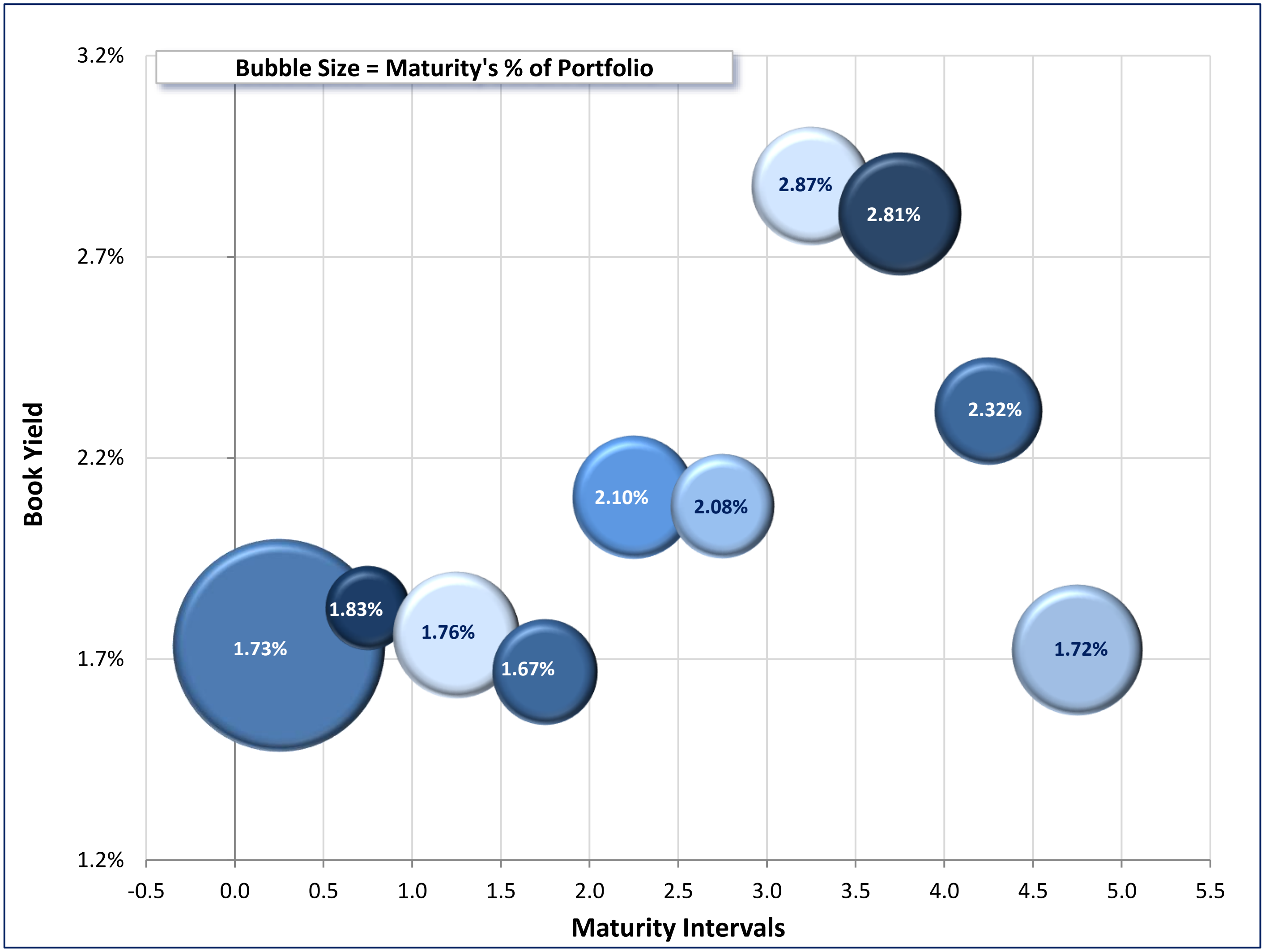
## Book Yield per WAM per Percent of Portfolio



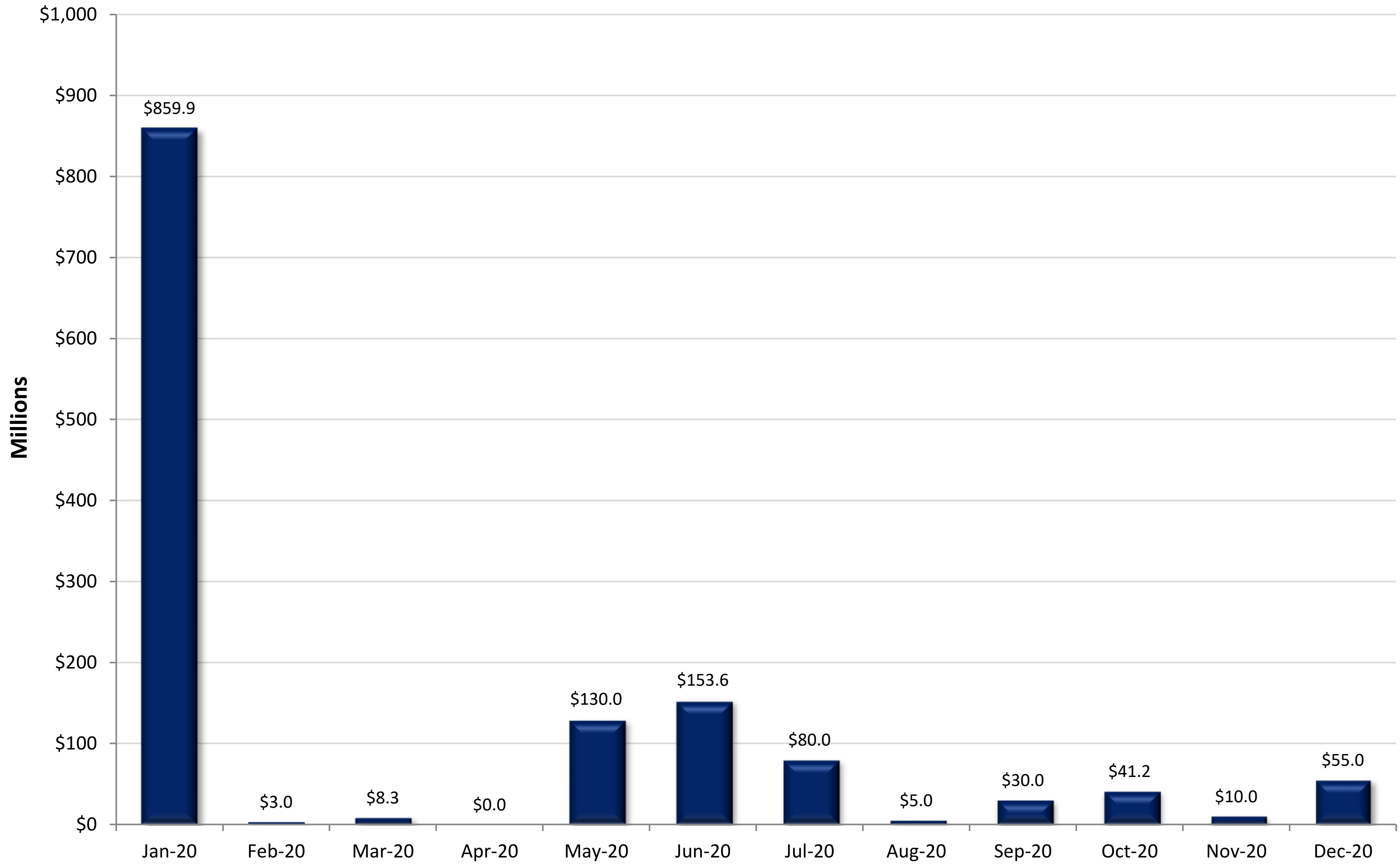
# Book YTM Per 6-Month Maturity Intervals

| Years | Book Yield | % of Portfolio* |
|---|---|---|
| 0 to .5 | 1.73% | 27.63% |
| .5 to 1.0 | 1.83% | 4.33% |
| 1.0 to 1.5 | 1.76% | 9.83% |
| 1.5 to 2.0 | 1.67% | 6.80% |
| 2.0 to 2.5 | 2.10% | 9.23% |
| 2.5 to 3.0 | 2.08% | 6.66% |
| 3.0 to 3.5 | 2.87% | 8.67% |
| 3.5 to 4.0 | 2.81% | 9.31% |
| 4.0 to 4.5 | 2.32% | 7.06% |
| 4.5 to 5.0+ | 1.72% | 10.48% |
| **Total** | **2.03%** | **100.0%** |

*Based on Book Value



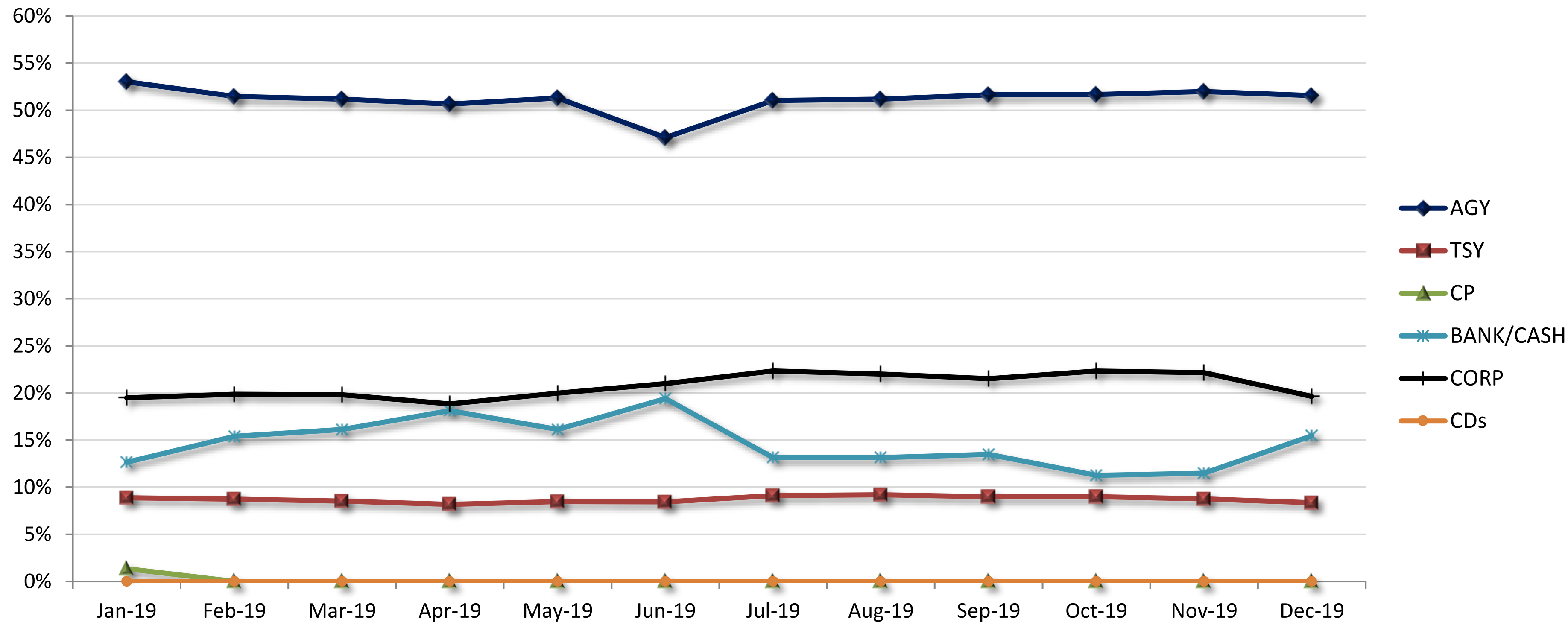
## Next Twelve Months Maturities




| | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Maturities** | $859.9 | $3.0 | $8.3 | $0.0 | $130.0 | $153.6 | $80.0 | $5.0 | $30.0 | $41.2 | $10.0 | $55.0 |

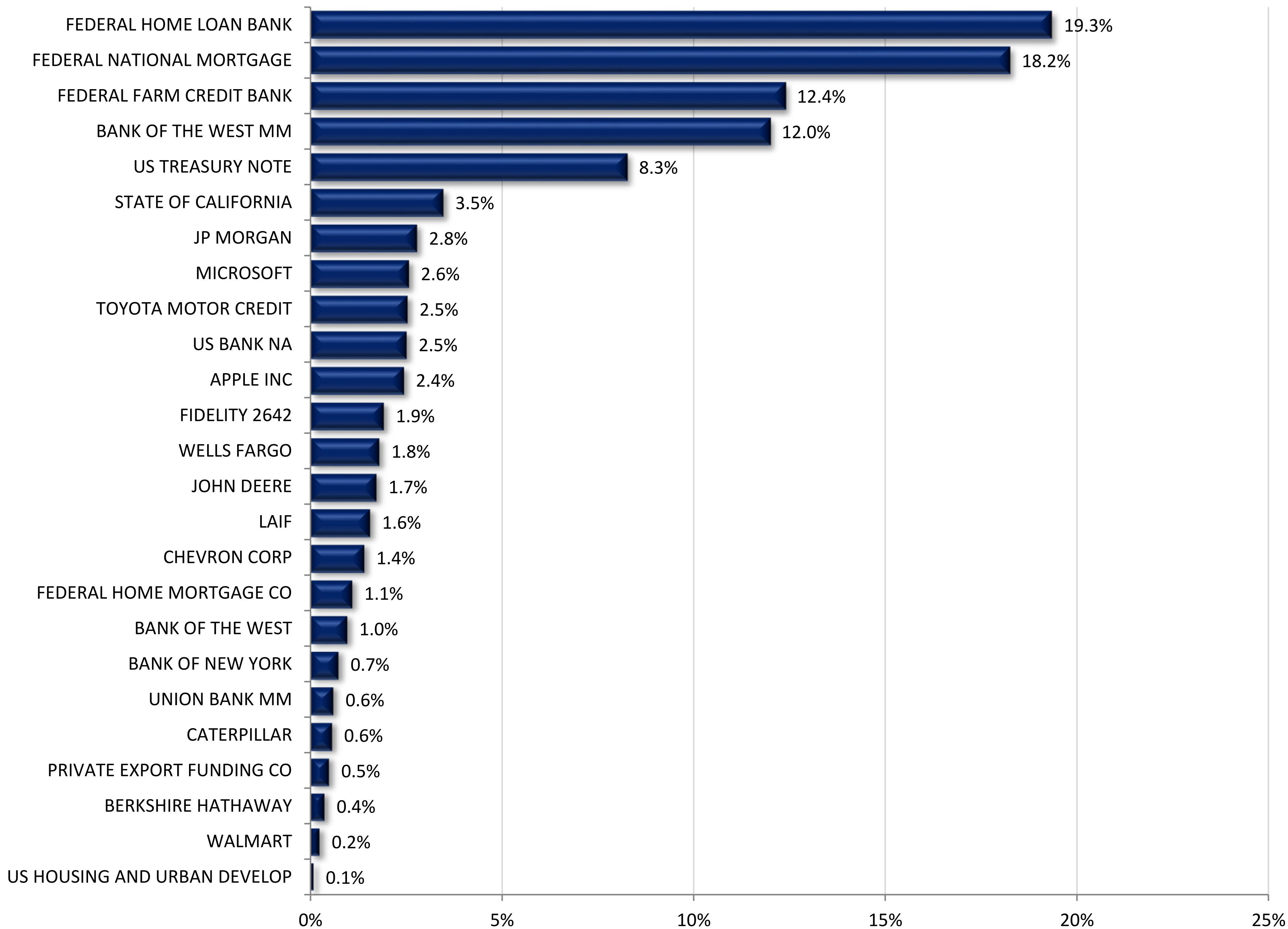
Par Value in Millions

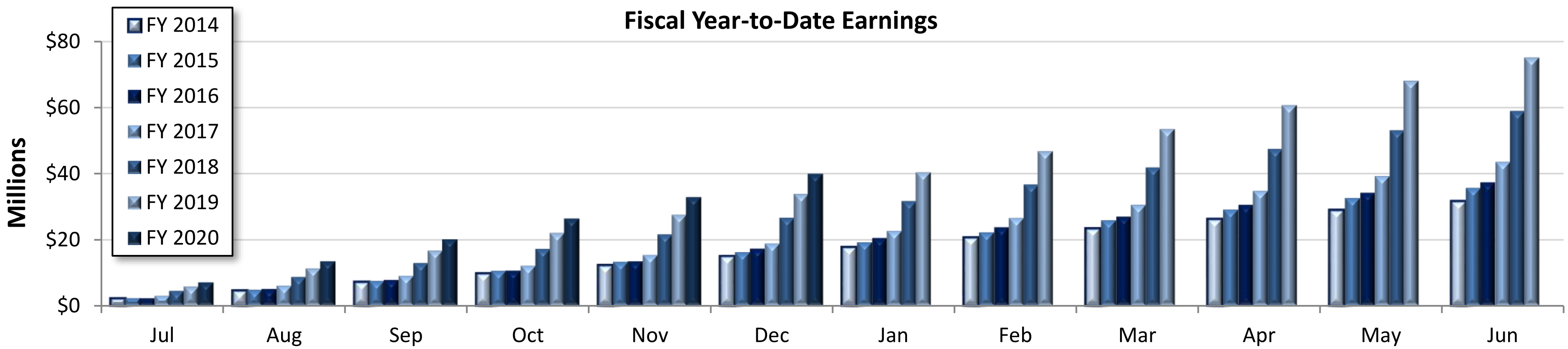
# Historical Sector Allocation



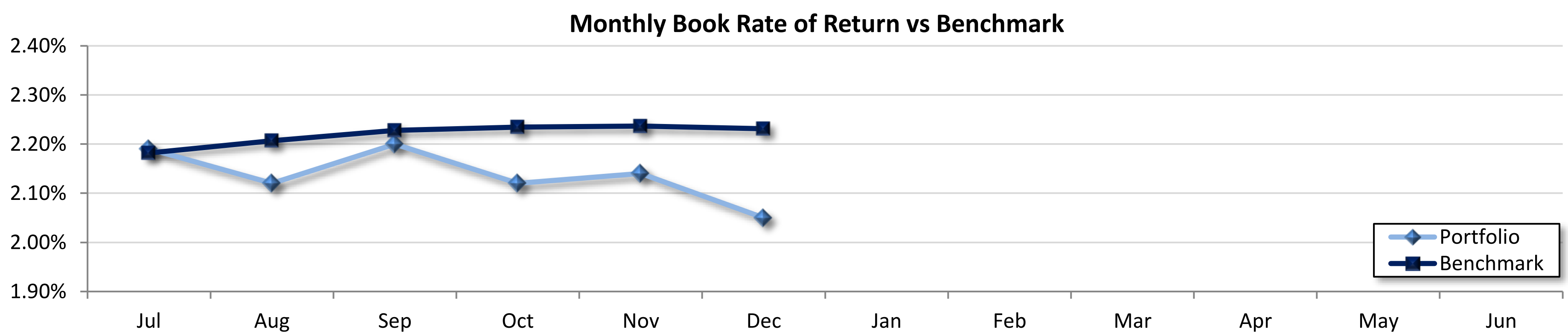

| Sector | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Agency | 53.0% | 51.5% | 51.2% | 50.7% | 51.3% | 47.1% | 51.0% | 51.2% | 51.7% | 51.7% | 52.0% | 51.5% |
| Treasury | 8.9% | 8.7% | 8.5% | 8.2% | 8.5% | 8.4% | 9.1% | 9.2% | 9.0% | 9.0% | 8.8% | 8.3% |
| Commercial Paper | 1.4% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| LAIF | 1.8% | 1.7% | 1.7% | 1.6% | 1.7% | 1.7% | 1.8% | 1.8% | 1.8% | 1.8% | 1.7% | 1.6% |
| Muni | 2.8% | 2.8% | 2.7% | 2.6% | 2.4% | 2.4% | 2.6% | 2.6% | 2.6% | 4.0% | 3.9% | 3.5% |
| Corporates | 19.5% | 19.9% | 19.8% | 18.8% | 20.0% | 21.0% | 22.3% | 22.0% | 21.5% | 22.3% | 22.2% | 19.6% |
| CDs | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Bank/Cash | 12.6% | 15.4% | 16.1% | 18.1% | 16.1% | 19.4% | 13.1% | 13.2% | 13.5% | 11.3% | 11.5% | 15.5% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

## Holdings Allocation by Issuer



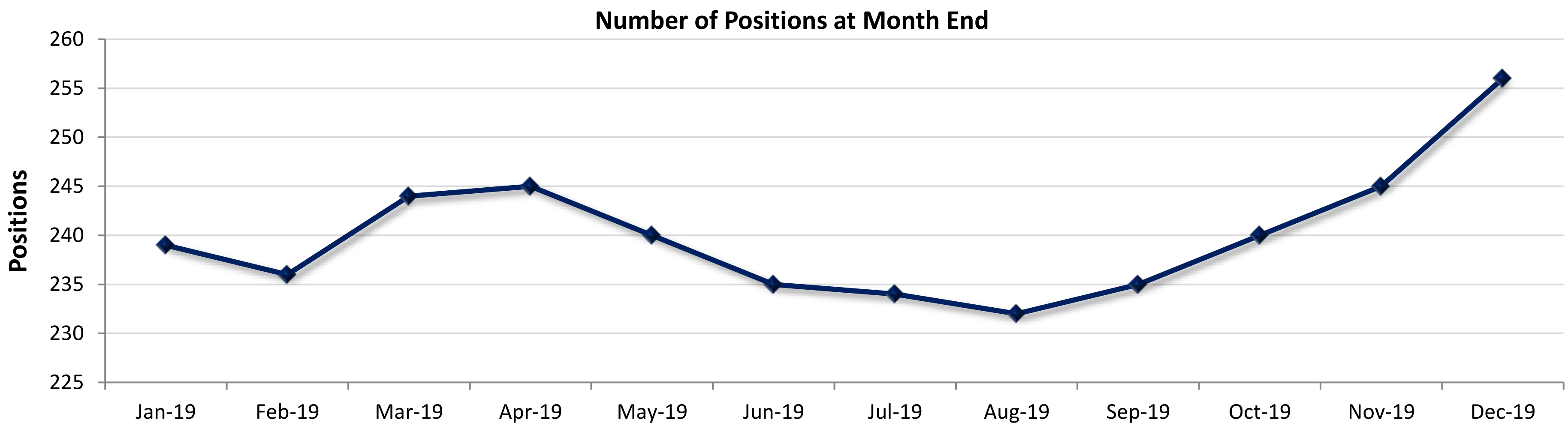



| Fiscal YTD ($Mil) | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FY 2014 | $2.3 | $4.7 | $7.3 | $9.8 | $12.2 | $15.0 | $17.7 | $20.7 | $23.4 | $26.2 | $29.0 | $31.6 |
| FY 2015 | $2.3 | $4.9 | $7.5 | $10.5 | $13.3 | $16.2 | $19.2 | $22.1 | $25.8 | $29.0 | $32.5 | $35.5 |
| FY 2016 | $2.3 | $5.1 | $7.8 | $10.6 | $13.4 | $17.2 | $20.5 | $23.7 | $26.9 | $30.5 | $34.2 | $37.3 |
| FY 2017 | $3.0 | $6.0 | $9.0 | $12.1 | $15.3 | $18.9 | $22.7 | $26.5 | $30.5 | $34.8 | $39.2 | $43.5 |
| FY 2018 | $4.5 | $8.7 | $12.9 | $17.3 | $21.6 | $26.7 | $31.7 | $36.7 | $41.9 | $47.4 | $53.0 | $58.8 |
| FY 2019 | $5.8 | $11.3 | $16.7 | $22.1 | $27.5 | $33.8 | $40.4 | $46.7 | $53.5 | $60.7 | $68.0 | $75.1 |
| FY 2020 | $7.1 | $13.5 | $20.0 | $26.4 | $32.9 | $39.9 | | | | | | |

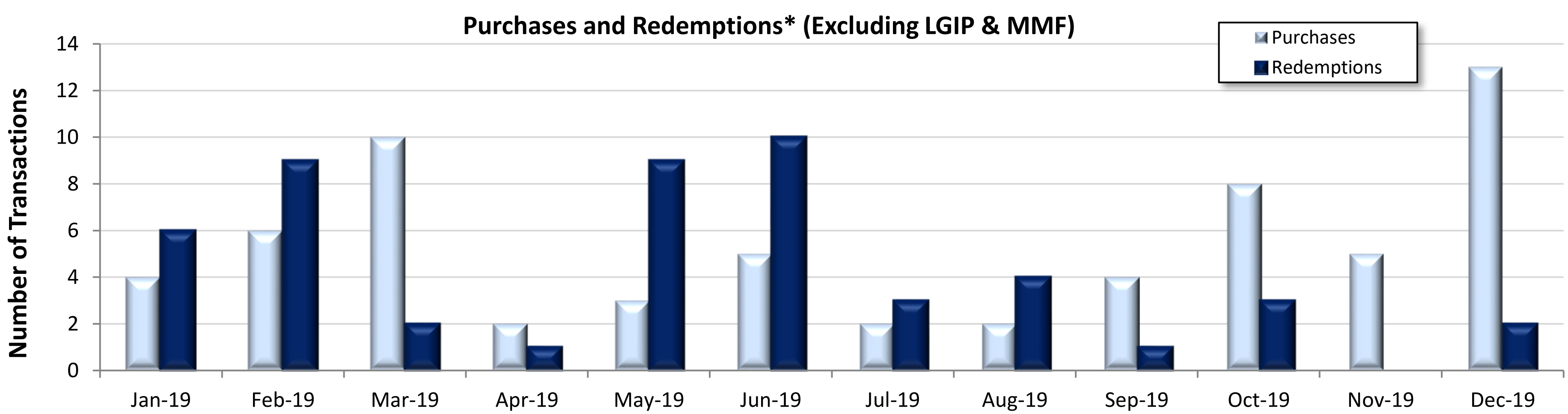



| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Book Rate of Rtn | 2.19% | 2.12% | 2.20% | 2.12% | 2.14% | 2.05% | | | | | | |
| Benchmark* | 2.18% | 2.21% | 2.23% | 2.23% | 2.24% | 2.23% | | | | | | |
| Variance | 0.01% | -0.09% | -0.03% | -0.11% | -0.10% | -0.18% | | | | | | |

*Benchmark: ICE BofAML 1-Year US Treasury Note Index (24 Month Moving Average)



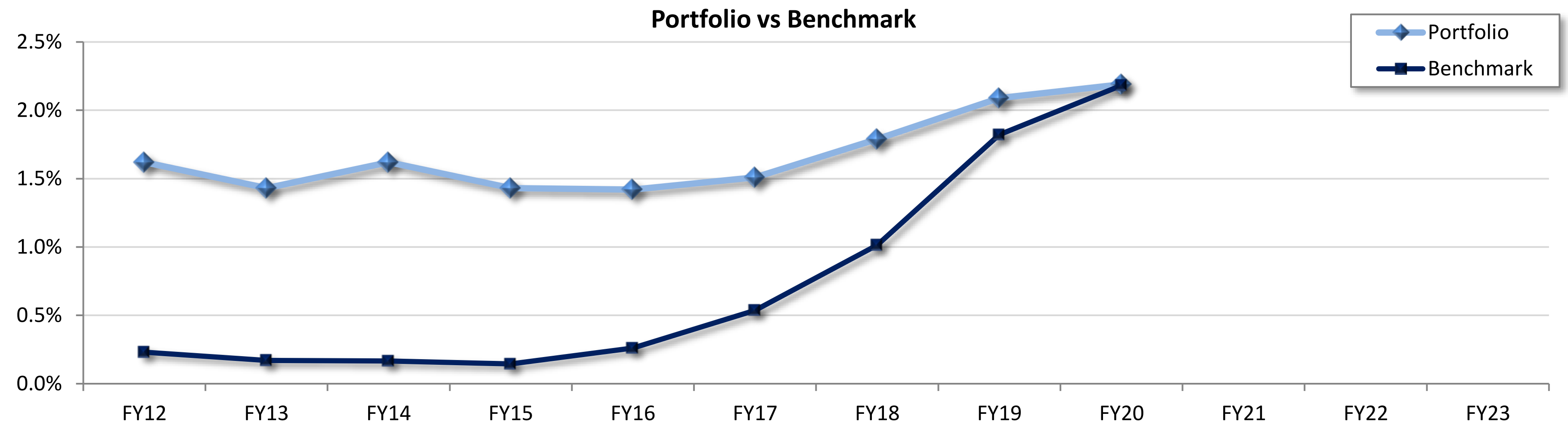

| | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Positions | 239 | 236 | 244 | 245 | 240 | 235 | 234 | 232 | 235 | 240 | 245 | 256 |

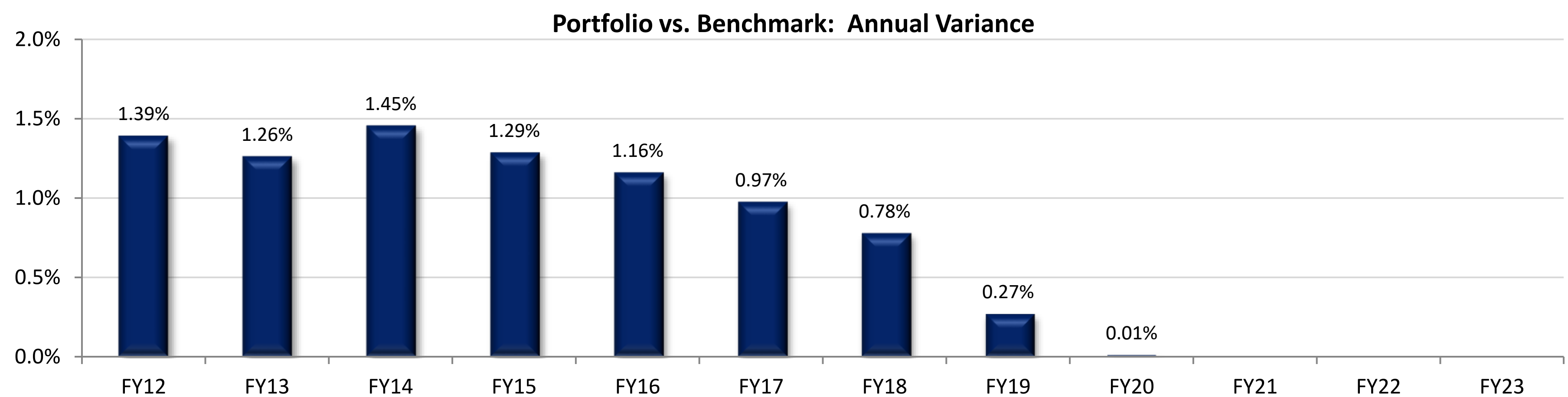



*Redemptions include maturities, calls, and sells

| | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Purchases | 4 | 6 | 10 | 2 | 3 | 5 | 2 | 2 | 4 | 8 | 5 | 13 |
| Redemptions | 6 | 9 | 2 | 1 | 9 | 10 | 3 | 4 | 1 | 3 | 0 | 2 |
| Total Transactions | 10 | 15 | 12 | 3 | 12 | 15 | 5 | 6 | 5 | 11 | 5 | 15 |

# Historical Book Rate of Return Performance




| Fiscal YTD | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Portfolio | 1.62% | 1.43% | 1.62% | 1.43% | 1.42% | 1.51% | 1.79% | 2.09% | 2.19% | | | |
| Benchmark* | 0.23% | 0.17% | 0.17% | 0.14% | 0.26% | 0.54% | 1.01% | 1.82% | 2.18% | | | |
| Variance | 1.39% | 1.26% | 1.45% | 1.29% | 1.16% | 0.97% | 0.78% | 0.27% | 0.01% | | | |

*Benchmark: ICE BofAML 1-Year US Treasury Note Index (24 Month Moving Average)--Average Builds Over the Fiscal Year Period

## Summary of Portfolio

| | December 2019 | September 2019 | June 2019 | March 2019 | December 2018 |
|---|---|---|---|---|---|
| **Market Value** | $4,216,158,910 | $3,691,845,342 | $3,922,607,201 | $3,849,252,349 | $3,770,988,770 |
| **Amortize Cost Value** | $4,179,751,295 | $3,651,702,399 | $3,895,135,225 | $3,857,429,169 | $3,808,681,373 |
| **Unrealized Gain/Loss** % on cost | 0.87% | 1.10% | 0.71% | -0.21% | -0.99% |
| **Yield** (weighted on cost value) | 2.03% | 2.12% | 2.18% | 2.15% | 2.05% |
| **Years to Maturity** (weighted on cost value) | 2.06 | 2.02 | 1.97 | 2.06 | 1.98 |
| **Avg Dollar-Weighted Quality Rating** | AA+ | AA+ | AA+ | AA+ | AA+ |

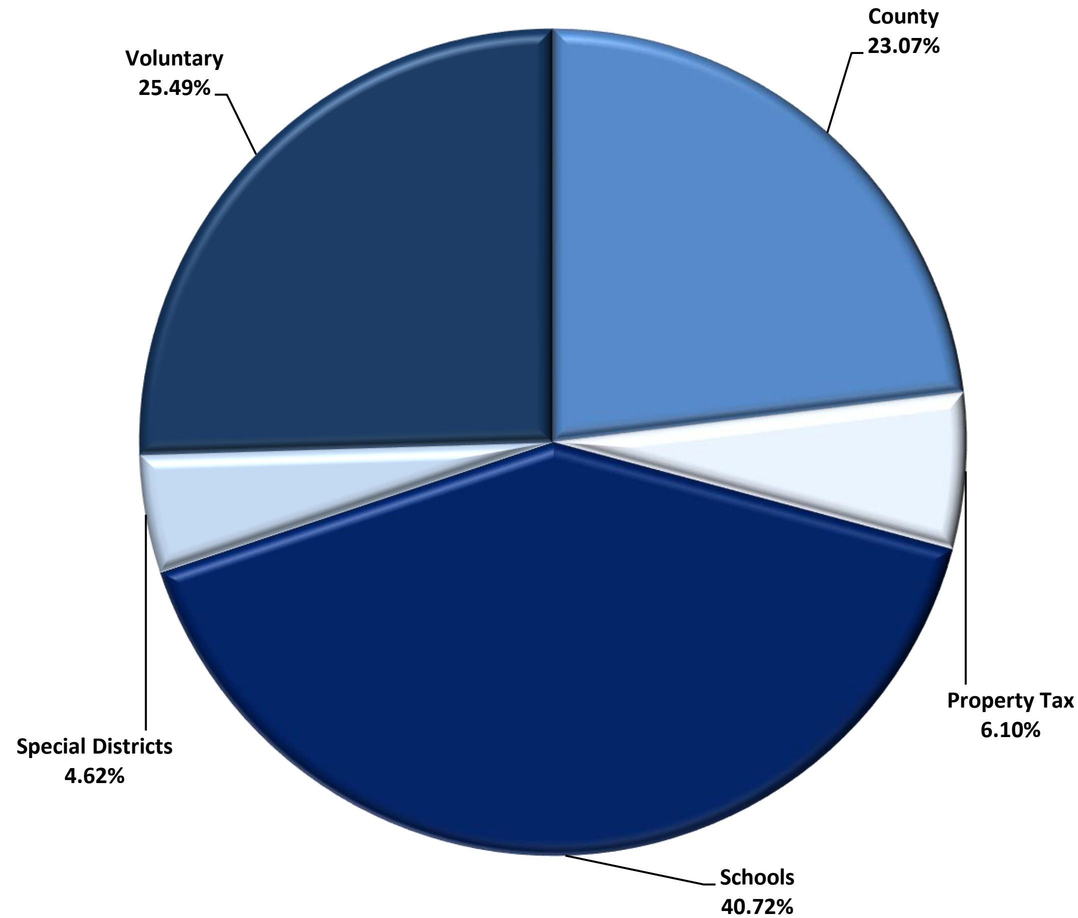
## Projection of Future Cash Flows (in millions)

| Month | Monthly Receipts (a) | Monthly Disburs. (a) | Difference | Actual Inv. Maturities | Balance |
|---|---|---|---|---|---|
| Beginning Balance (b) | | | | | 710.9 |
| 1/20 | 476.8 | 594.1 | -117.3 | 149.0 | 742.6 |
| 2/20 | 431.1 | 472.9 | -41.8 | 3.0 | 703.8 |
| 3/20 | 583.2 | 487.0 | 96.2 | 8.3 | 808.3 |
| 4/20 | 630.3 | 508.6 | 121.7 | 0.0 | 930.0 |
| 5/20 | 439.9 | 540.8 | -100.9 | 75.0 | 904.1 |
| 6/20 | 563.0 | 575.6 | -12.6 | 208.6 | 1,100.1 |
| **Totals** | **3,124.3** | **3,179.0** | **-54.7** | **443.9** | |

(a) Monthly Receipt and Monthly Disbursement amounts are estimates based upon historical cash flows and may change as actual cash flow information becomes available.

(b) Beg. Balance is taken from Bank Accounts, Mutual Funds, and LAIF.

| Entity | Portfolio $ | Portfolio % |
|---|---|---|
| County | 976,377,456 | 23.07% |
| Property Tax | 258,265,114 | 6.10% |
| Schools | 1,723,835,653 | 40.72% |
| Special Districts | 195,596,816 | 4.62% |
| Voluntary | 1,078,863,776 | 25.49% |
| **Total** | **4,232,938,814** | **100.00%** |



Fresno County
P.O. Box 1247
Fresno, CA 93715
(559)600-3496

# County of Fresno
## Portfolio Management
## Portfolio Summary
## December 31, 2019

| Investments | Par Value | Market Value | Book Value | % of Portfolio | Term | Days to Maturity | YTM 360 Equiv. |
|---|---|---|---|---|---|---|---|
| Bank Accounts | 40,062,675.13 | 40,062,675.13 | 40,062,675.13 | 0.96 | 1 | 1 | 1.489 |
| Federal Agency Coupons | 2,149,924,000.00 | 2,175,268,592.14 | 2,154,568,279.16 | 51.55 | 1,718 | 947 | 1.938 |
| Medium Term Notes | 822,517,000.00 | 834,988,658.10 | 820,744,382.60 | 19.64 | 1,649 | 971 | 2.596 |
| Treasury Notes | 348,500,000.00 | 349,539,365.24 | 348,693,183.33 | 8.34 | 1,469 | 425 | 1.760 |
| Mutual Funds | 80,000,000.00 | 80,000,000.00 | 80,000,000.00 | 1.91 | 1 | 1 | 1.509 |
| Local Agency Investment Funds | 65,000,000.00 | 65,000,000.00 | 65,000,000.00 | 1.56 | 1 | 1 | 2.015 |
| Bank Money Market Accounts | 525,811,134.82 | 525,811,134.82 | 525,811,134.82 | 12.58 | 1 | 1 | 1.810 |
| Municipal Bonds | 143,500,000.00 | 145,488,485.00 | 144,871,640.06 | 3.47 | 1,658 | 1,106 | 2.102 |
| **Investments** | **4,175,314,809.95** | **4,216,158,910.43** | **4,179,751,295.10** | **100.00%** | **1,390** | **753** | **2.031** |

| Total Earnings | December 31 Month Ending | Fiscal Year To Date |
|---|---|---|
| Current Year | 7,027,144.12 | 39,904,284.46 |
| **Average Daily Balance** | **4,031,470,945.23** | **3,703,534,865.03** |
| **Effective Rate of Return** | **2.05%** | **2.14%** |

Oscar J. Garcia, CPA, Treasurer/ Tax Collector

**Reporting period 12/01/2019-12/31/2019**

Run Date: 01/21/2020 - 10:23

Portfolio FSNO
AC
PM (PRF_PM1) 7.3.11
Report Ver. 7.3.11

# County of Fresno
# Portfolio Management
## Portfolio Details - Investments
## December 31, 2019



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bank Accounts** | | | | | | | | | | | | |
| SYS03400A | 03400A | BANK OF THE WEST | | | 40,062,675.13 | 40,062,675.13 | 40,062,675.13 | 1.510 | 1.510 | | | |
| | | **Subtotal and Average** | **18,801,542.86** | | **40,062,675.13** | **40,062,675.13** | **40,062,675.13** | | **1.510** | | | |
| **Federal Agency Coupons** | | | | | | | | | | | | |
| 3133EEW55 | 17316 | FEDERAL FARM CREDIT BANK | | 06/15/2015 | 10,000,000.00 | 10,010,145.40 | 9,996,234.38 | 1.800 | 1.887 | AA+ | Aaa | 06/15/2020 |
| 3133EFYZ4 | 17359 | FEDERAL FARM CREDIT BANK | | 02/29/2016 | 17,800,000.00 | 17,763,100.60 | 17,788,411.57 | 1.375 | 1.436 | AA+ | Aaa | 02/10/2021 |
| 3133EGYQ2 | 17410 | FEDERAL FARM CREDIT BANK | | 10/27/2016 | 10,000,000.00 | 9,971,057.10 | 9,990,205.67 | 1.400 | 1.457 | AA+ | Aaa | 10/14/2021 |
| 3133EGZJ7 | 17411 | FEDERAL FARM CREDIT BANK | | 10/27/2016 | 10,000,000.00 | 9,965,900.80 | 9,985,679.66 | 1.375 | 1.457 | AA+ | Aaa | 10/25/2021 |
| 3133EG5D3 | 17447 | FEDERAL FARM CREDIT BANK | | 01/27/2017 | 50,000,000.00 | 50,443,163.00 | 50,000,000.00 | 2.030 | 2.030 | AA+ | Aaa | 01/27/2022 |
| 3133EHJT1 | 17479 | FEDERAL FARM CREDIT BANK | | 05/18/2017 | 5,000,000.00 | 5,046,453.60 | 4,997,286.17 | 2.000 | 2.024 | AA+ | Aaa | 05/18/2022 |
| 3133EEY20 | 17495 | FEDERAL FARM CREDIT BANK | | 09/21/2017 | 10,000,000.00 | 10,191,606.00 | 10,110,516.30 | 2.400 | 1.928 | AA+ | Aaa | 06/17/2022 |
| 3133EHVS9 | 17499 | FEDERAL FARM CREDIT BANK | | 09/28/2017 | 5,500,000.00 | 5,533,081.57 | 5,481,755.58 | 1.840 | 1.972 | AA+ | Aaa | 08/23/2022 |
| 3133EJBP3 | 17535 | FEDERAL FARM CREDIT BANK | | 02/07/2018 | 10,000,000.00 | 10,260,926.10 | 9,973,342.19 | 2.500 | 2.593 | AA+ | Aaa | 02/02/2023 |
| 3133EJBP3 | 17536 | FEDERAL FARM CREDIT BANK | | 02/28/2018 | 51,180,000.00 | 52,515,419.78 | 50,795,114.63 | 2.500 | 2.762 | AA+ | Aaa | 02/02/2023 |
| 3133EH7F4 | 17557 | FEDERAL FARM CREDIT BANK | | 04/19/2018 | 19,869,000.00 | 20,292,910.48 | 19,617,155.91 | 2.350 | 2.797 | AA+ | Aaa | 01/17/2023 |
| 3133EJUS6 | 17584 | FEDERAL FARM CREDIT BANK | | 07/17/2018 | 20,000,000.00 | 20,850,253.40 | 19,998,156.89 | 2.875 | 2.878 | AA+ | Aaa | 07/17/2023 |
| 3133EJUS6 | 17589 | FEDERAL FARM CREDIT BANK | | 07/25/2018 | 30,000,000.00 | 31,275,380.10 | 29,931,429.24 | 2.875 | 2.945 | AA+ | Aaa | 07/17/2023 |
| 3133EJUS6 | 17593 | FEDERAL FARM CREDIT BANK | | 09/19/2018 | 10,000,000.00 | 10,425,126.70 | 9,949,356.46 | 2.875 | 3.029 | AA+ | Aaa | 07/17/2023 |
| 3133EJK57 | 17606 | FEDERAL FARM CREDIT BANK | | 12/20/2018 | 17,000,000.00 | 17,846,466.89 | 17,172,364.92 | 3.080 | 2.775 | AA+ | Aaa | 07/24/2023 |
| 3133EJUS6 | 17607 | FEDERAL FARM CREDIT BANK | | 12/20/2018 | 2,910,000.00 | 3,033,711.87 | 2,919,730.42 | 2.875 | 2.774 | AA+ | Aaa | 07/17/2023 |
| 3133EJ4G1 | 17610 | FEDERAL FARM CREDIT BANK | | 12/28/2018 | 65,000,000.00 | 67,549,528.15 | 64,962,887.60 | 2.770 | 2.787 | AA+ | Aaa | 07/28/2023 |
| 3133EJUS6 | 17615 | FEDERAL FARM CREDIT BANK | | 01/18/2019 | 20,000,000.00 | 20,850,253.40 | 20,130,043.24 | 2.875 | 2.679 | AA+ | Aaa | 07/17/2023 |
| 3133EJ5W5 | 17618 | FEDERAL FARM CREDIT BANK | | 02/26/2019 | 2,945,000.00 | 3,054,558.39 | 2,952,069.14 | 2.650 | 2.583 | AA+ | Aaa | 10/23/2023 |
| 3133EKBW5 | 17620 | FEDERAL FARM CREDIT BANK | | 02/28/2019 | 20,000,000.00 | 20,706,480.20 | 20,015,334.21 | 2.610 | 2.590 | AA+ | Aaa | 02/27/2024 |
| 3133EKBW5 | 17622 | FEDERAL FARM CREDIT BANK | | 03/01/2019 | 20,000,000.00 | 20,706,480.20 | 19,986,672.61 | 2.610 | 2.627 | AA+ | Aaa | 02/27/2024 |
| 3133EKWV4 | 17647 | FEDERAL FARM CREDIT BANK | | 08/28/2019 | 4,950,000.00 | 4,970,391.13 | 5,044,140.89 | 1.850 | 1.455 | AA+ | Aaa | 07/26/2024 |
| 3133EKWV4 | 17648 | FEDERAL FARM CREDIT BANK | | 08/28/2019 | 15,000,000.00 | 15,061,791.30 | 15,278,827.54 | 1.850 | 1.464 | AA+ | Aaa | 07/26/2024 |
| 3133EKWV4 | 17649 | FEDERAL FARM CREDIT BANK | | 09/13/2019 | 17,941,000.00 | 18,014,906.51 | 18,097,670.29 | 1.850 | 1.705 | AA+ | Aaa | 07/26/2024 |
| 3133EKHV1 | 17655 | FEDERAL FARM CREDIT BANK | | 10/16/2019 | 2,292,000.00 | 2,361,491.63 | 2,385,542.58 | 2.450 | 1.646 | AA+ | Aaa | 07/22/2024 |
| 3133ELCS1 | 17666 | FEDERAL FARM CREDIT BANK | | 12/11/2019 | 20,000,000.00 | 19,856,813.60 | 19,939,600.00 | 1.550 | 1.625 | AA+ | Aaa | 03/11/2024 |
| 3133ELCS1 | 17667 | FEDERAL FARM CREDIT BANK | | 12/11/2019 | 25,000,000.00 | 24,821,017.00 | 24,921,045.75 | 1.550 | 1.628 | AA+ | Aaa | 03/11/2024 |
| 3133ELEM2 | 17674 | FEDERAL FARM CREDIT BANK | | 12/17/2019 | 25,000,000.00 | 24,956,578.25 | 25,000,000.00 | 1.700 | 1.700 | AA+ | Aaa | 05/17/2024 |
| 313383HU8 | 17315 | FEDERAL HOME LOAN BANK | | 06/12/2015 | 20,000,000.00 | 20,005,613.00 | 19,999,914.13 | 1.750 | 1.751 | AA+ | Aaa | 06/12/2020 |
| 313383HU8 | 17317 | FEDERAL HOME LOAN BANK | | 06/26/2015 | 12,615,000.00 | 12,618,540.40 | 12,610,915.23 | 1.750 | 1.826 | AA+ | Aaa | 06/12/2020 |
| 3130A7CV5 | 17363 | FEDERAL HOME LOAN BANK | | 03/03/2016 | 5,000,000.00 | 4,987,678.00 | 4,991,806.42 | 1.375 | 1.526 | AA+ | Aaa | 02/18/2021 |
| 313376XN0 | 17364 | FEDERAL HOME LOAN BANK | | 03/03/2016 | 820,000.00 | 823,761.61 | 824,731.79 | 2.100 | 1.554 | AA+ | Aaa | 02/08/2021 |

# County of Fresno
## Portfolio Management
## Portfolio Details - Investments
## December 31, 2019

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Agency Coupons** | | | | | | | | | | | | |
| 3130A7CV5 | 17371 | FEDERAL HOME LOAN BANK | | 04/21/2016 | 10,000,000.00 | 9,975,356.00 | 9,996,930.51 | 1.375 | 1.403 | AA+ | Aaa | 02/18/2021 |
| 313381CA1 | 17372 | FEDERAL HOME LOAN BANK | | 04/21/2016 | 5,000,000.00 | 4,986,902.35 | 5,000,268.74 | 1.375 | 1.369 | AA+ | Aaa | 12/11/2020 |
| 3130A7CV5 | 17376 | FEDERAL HOME LOAN BANK | | 05/20/2016 | 5,000,000.00 | 4,987,678.00 | 4,994,983.99 | 1.375 | 1.467 | AA+ | Aaa | 02/18/2021 |
| 3130A7CV5 | 17379 | FEDERAL HOME LOAN BANK | | 05/25/2016 | 10,000,000.00 | 9,975,356.00 | 9,987,366.99 | 1.375 | 1.491 | AA+ | Aaa | 02/18/2021 |
| 3130A1W95 | 17386 | FEDERAL HOME LOAN BANK | | 07/15/2016 | 30,000,000.00 | 30,263,110.50 | 30,418,991.62 | 2.250 | 1.250 | AA+ | Aaa | 06/11/2021 |
| 3130A7CV5 | 17388 | FEDERAL HOME LOAN BANK | | 08/08/2016 | 10,000,000.00 | 9,975,356.00 | 10,022,062.90 | 1.375 | 1.174 | AA+ | Aaa | 02/18/2021 |
| 3130A8QS5 | 17389 | FEDERAL HOME LOAN BANK | | 08/08/2016 | 15,000,000.00 | 14,887,941.30 | 14,973,470.95 | 1.125 | 1.244 | AA+ | Aaa | 07/14/2021 |
| 313379RB7 | 17392 | FEDERAL HOME LOAN BANK | | 08/17/2016 | 10,000,000.00 | 10,032,119.90 | 10,079,243.32 | 1.875 | 1.307 | AA+ | Aaa | 06/11/2021 |
| 3130A8QS5 | 17399 | FEDERAL HOME LOAN BANK | | 08/29/2016 | 3,955,000.00 | 3,925,453.86 | 3,943,634.48 | 1.125 | 1.319 | AA+ | Aaa | 07/14/2021 |
| 3130A8QS5 | 17400 | FEDERAL HOME LOAN BANK | | 09/13/2016 | 15,000,000.00 | 14,887,941.30 | 14,954,155.95 | 1.125 | 1.331 | AA+ | Aaa | 07/14/2021 |
| 3130A8QS5 | 17403 | FEDERAL HOME LOAN BANK | | 09/28/2016 | 10,000,000.00 | 9,925,294.20 | 9,982,887.50 | 1.125 | 1.240 | AA+ | Aaa | 07/14/2021 |
| 3133752P1 | 17405 | FEDERAL HOME LOAN BANK | | 10/05/2016 | 5,700,000.00 | 5,863,379.61 | 5,887,310.28 | 3.500 | 1.342 | AA+ | Aaa | 07/29/2021 |
| 3130A8QS5 | 17408 | FEDERAL HOME LOAN BANK | | 10/13/2016 | 10,000,000.00 | 9,925,294.20 | 9,956,267.43 | 1.125 | 1.420 | AA+ | Aaa | 07/14/2021 |
| 3130A8QS5 | 17414 | FEDERAL HOME LOAN BANK | | 11/14/2016 | 10,000,000.00 | 9,925,294.20 | 9,940,160.79 | 1.125 | 1.530 | AA+ | Aaa | 07/14/2021 |
| 3130A1W95 | 17420 | FEDERAL HOME LOAN BANK | | 11/29/2016 | 18,470,000.00 | 18,631,988.36 | 18,574,695.02 | 2.250 | 1.839 | AA+ | Aaa | 06/11/2021 |
| 3130A7CV5 | 17457 | FEDERAL HOME LOAN BANK | | 03/20/2017 | 20,000,000.00 | 19,950,712.00 | 19,893,810.00 | 1.375 | 1.864 | AA+ | Aaa | 02/18/2021 |
| 3130AAX45 | 17460 | FEDERAL HOME LOAN BANK | | 03/28/2017 | 15,000,000.00 | 15,032,150.10 | 15,016,622.66 | 1.875 | 1.768 | AA+ | Aaa | 01/28/2021 |
| 3130A8QS5 | 17464 | FEDERAL HOME LOAN BANK | | 04/06/2017 | 20,000,000.00 | 19,850,588.40 | 19,799,183.84 | 1.125 | 1.807 | AA+ | Aaa | 07/14/2021 |
| 3130AB3M6 | 17465 | FEDERAL HOME LOAN BANK | | 04/10/2017 | 5,000,000.00 | 5,009,725.20 | 5,001,595.72 | 1.875 | 1.853 | AA+ | Aaa | 06/30/2021 |
| 313379RB7 | 17466 | FEDERAL HOME LOAN BANK | | 04/11/2017 | 15,000,000.00 | 15,048,179.85 | 15,005,980.00 | 1.875 | 1.846 | AA+ | Aaa | 06/11/2021 |
| 313379Q69 | 17485 | FEDERAL HOME LOAN BANK | | 06/28/2017 | 5,000,000.00 | 5,057,595.00 | 5,027,006.31 | 2.125 | 1.892 | AA+ | Aaa | 06/10/2022 |
| 313379Q69 | 17486 | FEDERAL HOME LOAN BANK | | 06/28/2017 | 5,000,000.00 | 5,057,595.00 | 5,027,030.98 | 2.125 | 1.892 | AA+ | Aaa | 06/10/2022 |
| 313379Q69 | 17487 | FEDERAL HOME LOAN BANK | | 06/28/2017 | 3,820,000.00 | 3,864,002.58 | 3,841,000.26 | 2.125 | 1.888 | AA+ | Aaa | 06/10/2022 |
| 313379Q69 | 17488 | FEDERAL HOME LOAN BANK | | 07/07/2017 | 13,470,000.00 | 13,625,160.93 | 13,507,997.94 | 2.125 | 2.003 | AA+ | Aaa | 06/10/2022 |
| 3130AC5A8 | 17494 | FEDERAL HOME LOAN BANK | | 09/19/2017 | 10,000,000.00 | 10,050,986.70 | 9,988,379.07 | 1.850 | 1.896 | AA+ | Aaa | 08/15/2022 |
| 3130AC5A8 | 17496 | FEDERAL HOME LOAN BANK | | 09/27/2017 | 9,280,000.00 | 9,327,315.66 | 9,262,439.50 | 1.850 | 1.926 | AA+ | Aaa | 08/15/2022 |
| 313379Q69 | 17498 | FEDERAL HOME LOAN BANK | | 09/27/2017 | 20,000,000.00 | 20,230,380.00 | 20,113,911.75 | 2.125 | 1.880 | AA+ | Aaa | 06/10/2022 |
| 3130ACKC7 | 17500 | FEDERAL HOME LOAN BANK | | 10/18/2017 | 50,000,000.00 | 50,425,383.50 | 50,000,000.00 | 1.950 | 1.950 | AA+ | Aaa | 07/18/2022 |
| 3130ACM27 | 17502 | FEDERAL HOME LOAN BANK | | 10/12/2017 | 15,000,000.00 | 15,126,728.55 | 14,991,853.13 | 1.950 | 1.973 | AA+ | Aaa | 07/11/2022 |
| 3130ACM27 | 17509 | FEDERAL HOME LOAN BANK | | 10/19/2017 | 4,455,000.00 | 4,492,638.38 | 4,449,164.26 | 1.950 | 2.005 | AA+ | Aaa | 07/11/2022 |
| 3130ACUV4 | 17512 | FEDERAL HOME LOAN BANK | | 11/30/2017 | 50,000,000.00 | 50,580,770.00 | 50,000,000.00 | 2.070 | 2.070 | AA+ | Aaa | 07/29/2022 |
| 3130ACUZ5 | 17513 | FEDERAL HOME LOAN BANK | | 11/24/2017 | 23,000,000.00 | 23,244,038.05 | 22,988,482.68 | 2.060 | 2.082 | AA+ | Aaa | 05/24/2022 |
| 3130ACYP3 | 17515 | FEDERAL HOME LOAN BANK | | 12/05/2017 | 20,000,000.00 | 20,246,884.80 | 19,989,942.49 | 2.100 | 2.121 | AA+ | Aaa | 07/27/2022 |
| 313379Q69 | 17516 | FEDERAL HOME LOAN BANK | | 12/01/2017 | 2,000,000.00 | 2,023,038.00 | 1,999,626.60 | 2.125 | 2.133 | AA+ | Aaa | 06/10/2022 |
| 3130ACUV4 | 17517 | FEDERAL HOME LOAN BANK | | 12/06/2017 | 8,890,000.00 | 8,993,260.91 | 8,869,545.33 | 2.070 | 2.165 | AA+ | Aaa | 07/29/2022 |
| 313379Q69 | 17527 | FEDERAL HOME LOAN BANK | | 12/20/2017 | 1,900,000.00 | 1,921,886.10 | 1,895,485.54 | 2.125 | 2.228 | AA+ | Aaa | 06/10/2022 |

# County of Fresno
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## December 31, 2019

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Agency Coupons** | | | | | | | | | | | | |
| 3130A5P45 | 17528 | FEDERAL HOME LOAN BANK | | 12/20/2017 | 1,925,000.00 | 1,962,488.76 | 1,931,550.75 | 2.375 | 2.228 | AA+ | Aaa | 06/10/2022 |
| 3130ACXH2 | 17567 | FEDERAL HOME LOAN BANK | | 12/04/2017 | 25,000,000.00 | 25,242,131.75 | 24,954,909.50 | 2.020 | 2.099 | AA+ | Aaa | 05/25/2022 |
| 3130AEEW6 | 17572 | FEDERAL HOME LOAN BANK | | 06/07/2018 | 21,150,000.00 | 21,947,606.90 | 21,061,480.54 | 2.760 | 2.893 | AA+ | Aaa | 05/30/2023 |
| 3130AEAP5 | 17576 | FEDERAL HOME LOAN BANK | | 05/30/2018 | 50,000,000.00 | 52,075,653.00 | 49,982,623.31 | 2.875 | 2.886 | AA+ | Aaa | 05/30/2023 |
| 3130AFBD8 | 17608 | FEDERAL HOME LOAN BANK | | 12/20/2018 | 12,500,000.00 | 13,147,987.63 | 12,646,176.22 | 3.125 | 2.774 | AA+ | Aaa | 07/25/2023 |
| 3130A0F70 | 17613 | FEDERAL HOME LOAN BANK | | 01/18/2019 | 10,000,000.00 | 10,622,759.00 | 10,236,059.32 | 3.375 | 2.730 | AA+ | Aaa | 12/08/2023 |
| 3130AFQL4 | 17614 | FEDERAL HOME LOAN BANK | | 01/18/2019 | 10,000,000.00 | 10,373,574.00 | 9,979,163.89 | 2.640 | 2.699 | AA+ | Aaa | 10/27/2023 |
| 3130AFQL4 | 17619 | FEDERAL HOME LOAN BANK | | 02/26/2019 | 4,905,000.00 | 5,088,238.05 | 4,915,037.60 | 2.640 | 2.583 | AA+ | Aaa | 10/27/2023 |
| 3130AFRW9 | 17621 | FEDERAL HOME LOAN BANK | | 02/28/2019 | 20,000,000.00 | 20,779,745.00 | 20,086,515.52 | 2.700 | 2.574 | AA+ | Aaa | 08/28/2023 |
| 3130AFRW9 | 17623 | FEDERAL HOME LOAN BANK | | 03/01/2019 | 20,000,000.00 | 20,779,745.00 | 20,064,750.46 | 2.700 | 2.606 | AA+ | Aaa | 08/28/2023 |
| 3130A0F70 | 17632 | FEDERAL HOME LOAN BANK | | 04/04/2019 | 11,200,000.00 | 11,897,490.08 | 11,615,372.85 | 3.375 | 2.373 | AA+ | Aaa | 12/08/2023 |
| 3130AGA88 | 17633 | FEDERAL HOME LOAN BANK | | 04/05/2019 | 50,000,000.00 | 51,423,602.00 | 49,968,040.95 | 2.320 | 2.337 | AA+ | Aaa | 01/29/2024 |
| 3133X8EW8 | 17651 | FEDERAL HOME LOAN BANK | | 09/26/2019 | 3,760,000.00 | 4,368,743.74 | 4,401,958.34 | 5.375 | 1.653 | AA+ | Aaa | 08/15/2024 |
| 3130A2UW4 | 17654 | FEDERAL HOME LOAN BANK | | 10/15/2019 | 10,000,000.00 | 10,523,297.00 | 10,567,895.15 | 2.875 | 1.668 | AA+ | Aaa | 09/13/2024 |
| 3130AGWK7 | 17658 | FEDERAL HOME LOAN BANK | | 10/23/2019 | 10,000,000.00 | 9,922,704.60 | 9,956,014.96 | 1.500 | 1.662 | AA+ | Aaa | 08/15/2024 |
| 3130AGWK7 | 17662 | FEDERAL HOME LOAN BANK | | 11/05/2019 | 12,500,000.00 | 12,403,380.75 | 12,457,498.39 | 1.500 | 1.651 | AA+ | Aaa | 08/15/2024 |
| 3130AGWK7 | 17676 | FEDERAL HOME LOAN BANK | | 12/18/2019 | 10,000,000.00 | 9,922,704.60 | 9,948,631.78 | 1.500 | 1.731 | AA+ | Aaa | 08/15/2024 |
| 3137EADR7 | 17303 | FEDERAL HOME MORTGAGE CO | | 05/06/2015 | 10,000,000.00 | 9,990,775.00 | 9,991,797.21 | 1.375 | 1.632 | AA+ | Aaa | 05/01/2020 |
| 3137EADR7 | 17309 | FEDERAL HOME MORTGAGE CO | | 05/08/2015 | 10,000,000.00 | 9,990,775.00 | 9,991,328.95 | 1.375 | 1.647 | AA+ | Aaa | 05/01/2020 |
| 3134G44G0 | 17328 | FEDERAL HOME MORTGAGE CO | | 10/29/2015 | 5,000,000.00 | 4,997,387.80 | 4,999,546.28 | 1.500 | 1.524 | AA+ | Aaa | 05/22/2020 |
| 3137EAEC9 | 17393 | FEDERAL HOME MORTGAGE CO | | 08/17/2016 | 10,000,000.00 | 9,926,230.50 | 9,969,250.70 | 1.125 | 1.322 | AA+ | Aaa | 08/12/2021 |
| 3134G9M79 | 17463 | FEDERAL HOME MORTGAGE CO | | 04/06/2017 | 4,410,000.00 | 4,428,399.49 | 4,409,519.95 | 1.875 | 1.882 | AA+ | Aaa | 07/26/2021 |
| 3134G9N86 | 17476 | FEDERAL HOME MORTGAGE CO | | 05/11/2017 | 6,170,000.00 | 6,195,789.86 | 6,167,696.42 | 1.875 | 1.900 | AA+ | Aaa | 07/27/2021 |
| 3135G0A78 | 17299 | FEDERAL NATIONAL MORTGAGE | | 03/04/2015 | 20,000,000.00 | 20,000,541.00 | 19,999,180.42 | 1.625 | 1.702 | AA+ | Aaa | 01/21/2020 |
| 3135G0A78 | 17307 | FEDERAL NATIONAL MORTGAGE | | 05/08/2015 | 10,000,000.00 | 10,000,270.50 | 10,000,014.18 | 1.625 | 1.622 | AA+ | Aaa | 01/21/2020 |
| 3135G0A78 | 17308 | FEDERAL NATIONAL MORTGAGE | | 05/08/2015 | 10,000,000.00 | 10,000,270.50 | 10,000,025.63 | 1.625 | 1.620 | AA+ | Aaa | 01/21/2020 |
| 3135G0A78 | 17312 | FEDERAL NATIONAL MORTGAGE | | 06/03/2015 | 15,000,000.00 | 15,000,405.75 | 14,999,918.88 | 1.625 | 1.635 | AA+ | Aaa | 01/21/2020 |
| 3135G0D75 | 17327 | FEDERAL NATIONAL MORTGAGE | | 10/29/2015 | 20,000,000.00 | 19,985,942.20 | 19,996,790.56 | 1.500 | 1.535 | AA+ | Aaa | 06/22/2020 |
| 3135G0A78 | 17329 | FEDERAL NATIONAL MORTGAGE | | 10/29/2015 | 10,000,000.00 | 10,000,270.50 | 10,000,981.60 | 1.625 | 1.442 | AA+ | Aaa | 01/21/2020 |
| 3135G0RM7 | 17330 | FEDERAL NATIONAL MORTGAGE | | 10/30/2015 | 10,060,000.00 | 10,052,750.56 | 10,064,311.38 | 1.630 | 1.576 | AA+ | Aaa | 10/30/2020 |
| 3135G0D75 | 17331 | FEDERAL NATIONAL MORTGAGE | | 10/30/2015 | 5,950,000.00 | 5,945,817.80 | 5,948,119.66 | 1.500 | 1.569 | AA+ | Aaa | 06/22/2020 |
| 3135G0A78 | 17332 | FEDERAL NATIONAL MORTGAGE | | 11/04/2015 | 10,000,000.00 | 10,000,270.50 | 10,000,540.54 | 1.625 | 1.524 | AA+ | Aaa | 01/21/2020 |
| 3135G0D75 | 17333 | FEDERAL NATIONAL MORTGAGE | | 11/04/2015 | 5,000,000.00 | 4,996,485.55 | 4,997,124.37 | 1.500 | 1.626 | AA+ | Aaa | 06/22/2020 |
| 3135G0D75 | 17334 | FEDERAL NATIONAL MORTGAGE | | 11/04/2015 | 5,000,000.00 | 4,996,485.55 | 4,997,103.87 | 1.500 | 1.627 | AA+ | Aaa | 06/22/2020 |
| 3135G0A78 | 17335 | FEDERAL NATIONAL MORTGAGE | | 11/06/2015 | 10,000,000.00 | 10,000,270.50 | 10,000,191.68 | 1.625 | 1.589 | AA+ | Aaa | 01/21/2020 |
| 3135G0D75 | 17336 | FEDERAL NATIONAL MORTGAGE | | 11/06/2015 | 5,000,000.00 | 4,996,485.55 | 4,995,930.28 | 1.500 | 1.679 | AA+ | Aaa | 06/22/2020 |

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| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Agency Coupons** | | | | | | | | | | | | |
| 3135G0D75 | 17338 | FEDERAL NATIONAL MORTGAGE | | 12/17/2015 | 30,000,000.00 | 29,978,913.30 | 29,962,631.50 | 1.500 | 1.774 | AA+ | Aaa | 06/22/2020 |
| 3135G0D75 | 17339 | FEDERAL NATIONAL MORTGAGE | | 12/17/2015 | 20,000,000.00 | 19,985,942.20 | 19,973,361.88 | 1.500 | 1.793 | AA+ | Aaa | 06/22/2020 |
| 3135G0D75 | 17340 | FEDERAL NATIONAL MORTGAGE | | 12/22/2015 | 10,000,000.00 | 9,992,971.10 | 9,990,799.78 | 1.500 | 1.702 | AA+ | Aaa | 06/22/2020 |
| 3135G0A78 | 17341 | FEDERAL NATIONAL MORTGAGE | | 12/22/2015 | 20,000,000.00 | 20,000,541.00 | 20,000,116.54 | 1.625 | 1.614 | AA+ | Aaa | 01/21/2020 |
| 3135G0A78 | 17342 | FEDERAL NATIONAL MORTGAGE | | 12/23/2015 | 10,000,000.00 | 10,000,270.50 | 10,000,036.78 | 1.625 | 1.618 | AA+ | Aaa | 01/21/2020 |
| 3135G0D75 | 17343 | FEDERAL NATIONAL MORTGAGE | | 12/23/2015 | 10,000,000.00 | 9,992,971.10 | 9,990,071.65 | 1.500 | 1.718 | AA+ | Aaa | 06/22/2020 |
| 3135G0A78 | 17344 | FEDERAL NATIONAL MORTGAGE | | 12/23/2015 | 20,000,000.00 | 20,000,541.00 | 20,000,052.32 | 1.625 | 1.620 | AA+ | Aaa | 01/21/2020 |
| 3135G0H55 | 17374 | FEDERAL NATIONAL MORTGAGE | | 05/20/2016 | 10,000,000.00 | 10,024,372.50 | 10,043,804.63 | 1.875 | 1.417 | AA+ | Aaa | 12/28/2020 |
| 3135G0K69 | 17380 | FEDERAL NATIONAL MORTGAGE | | 05/25/2016 | 10,000,000.00 | 9,952,851.70 | 9,964,699.30 | 1.250 | 1.523 | AA+ | Aaa | 05/06/2021 |
| 3135G0N82 | 17396 | FEDERAL NATIONAL MORTGAGE | | 08/29/2016 | 10,000,000.00 | 9,947,165.00 | 9,993,150.22 | 1.250 | 1.294 | AA+ | Aaa | 08/17/2021 |
| 3135G0N82 | 17397 | FEDERAL NATIONAL MORTGAGE | | 08/29/2016 | 10,000,000.00 | 9,947,165.00 | 9,986,267.67 | 1.250 | 1.337 | AA+ | Aaa | 08/17/2021 |
| 3135G0N82 | 17398 | FEDERAL NATIONAL MORTGAGE | | 08/29/2016 | 10,000,000.00 | 9,947,165.00 | 9,983,088.59 | 1.250 | 1.358 | AA+ | Aaa | 08/17/2021 |
| 3135G0K69 | 17402 | FEDERAL NATIONAL MORTGAGE | | 09/28/2016 | 25,000,000.00 | 24,882,129.25 | 25,004,876.25 | 1.250 | 1.235 | AA+ | Aaa | 05/06/2021 |
| 3135G0Q89 | 17406 | FEDERAL NATIONAL MORTGAGE | | 10/07/2016 | 20,000,000.00 | 19,924,028.80 | 19,988,410.67 | 1.375 | 1.409 | AA+ | Aaa | 10/07/2021 |
| 3135G0Q89 | 17407 | FEDERAL NATIONAL MORTGAGE | | 10/13/2016 | 10,000,000.00 | 9,962,014.40 | 9,979,083.61 | 1.375 | 1.498 | AA+ | Aaa | 10/07/2021 |
| 3135G0Q89 | 17409 | FEDERAL NATIONAL MORTGAGE | | 10/27/2016 | 5,000,000.00 | 4,981,007.20 | 4,993,461.35 | 1.375 | 1.452 | AA+ | Aaa | 10/07/2021 |
| 3135G0K69 | 17412 | FEDERAL NATIONAL MORTGAGE | | 11/02/2016 | 10,000,000.00 | 9,952,851.70 | 9,983,072.78 | 1.250 | 1.380 | AA+ | Aaa | 05/06/2021 |
| 3135G0K69 | 17413 | FEDERAL NATIONAL MORTGAGE | | 11/14/2016 | 8,000,000.00 | 7,962,281.36 | 7,971,333.25 | 1.250 | 1.526 | AA+ | Aaa | 05/06/2021 |
| 3135G0S38 | 17440 | FEDERAL NATIONAL MORTGAGE | | 01/09/2017 | 20,000,000.00 | 20,154,141.20 | 19,981,738.75 | 2.000 | 2.048 | AA+ | Aaa | 01/05/2022 |
| 3135G0S38 | 17441 | FEDERAL NATIONAL MORTGAGE | | 01/09/2017 | 10,000,000.00 | 10,077,070.60 | 9,990,492.06 | 2.000 | 2.050 | AA+ | Aaa | 01/05/2022 |
| 3135G0S38 | 17459 | FEDERAL NATIONAL MORTGAGE | | 03/28/2017 | 10,000,000.00 | 10,077,070.60 | 10,002,825.16 | 2.000 | 1.985 | AA+ | Aaa | 01/05/2022 |
| 3136G2CS4 | 17461 | FEDERAL NATIONAL MORTGAGE | | 03/28/2017 | 5,000,000.00 | 5,033,386.75 | 5,001,451.29 | 2.000 | 1.985 | AA+ | Aaa | 01/27/2022 |
| 3135G0S38 | 17480 | FEDERAL NATIONAL MORTGAGE | | 06/02/2017 | 5,000,000.00 | 5,038,535.30 | 5,016,117.45 | 2.000 | 1.832 | AA+ | Aaa | 01/05/2022 |
| 3135G0S38 | 17481 | FEDERAL NATIONAL MORTGAGE | | 06/12/2017 | 5,000,000.00 | 5,038,535.30 | 5,016,028.56 | 2.000 | 1.833 | AA+ | Aaa | 01/05/2022 |
| 3135G0T78 | 17501 | FEDERAL NATIONAL MORTGAGE | | 10/10/2017 | 20,000,000.00 | 20,215,078.20 | 19,987,905.87 | 2.000 | 2.023 | AA+ | Aaa | 10/05/2022 |
| 3135G0T78 | 17531 | FEDERAL NATIONAL MORTGAGE | | 01/11/2018 | 5,000,000.00 | 5,053,769.55 | 4,950,749.17 | 2.000 | 2.379 | AA+ | Aaa | 10/05/2022 |
| 3135G0T94 | 17533 | FEDERAL NATIONAL MORTGAGE | | 01/23/2018 | 40,000,000.00 | 40,903,187.60 | 39,854,129.84 | 2.375 | 2.503 | AA+ | Aaa | 01/19/2023 |
| 3135G0U43 | 17631 | FEDERAL NATIONAL MORTGAGE | | 03/27/2019 | 20,000,000.00 | 20,877,142.20 | 20,440,930.03 | 2.875 | 2.245 | AA+ | Aaa | 09/12/2023 |
| 3135G0V75 | 17652 | FEDERAL NATIONAL MORTGAGE | | 09/26/2019 | 35,000,000.00 | 35,039,901.75 | 35,312,600.60 | 1.750 | 1.631 | AA+ | Aaa | 07/02/2024 |
| 3135G0V75 | 17656 | FEDERAL NATIONAL MORTGAGE | | 10/16/2019 | 10,000,000.00 | 10,011,400.50 | 10,095,427.81 | 1.750 | 1.639 | AA+ | Aaa | 07/02/2024 |
| 3135G0V75 | 17659 | FEDERAL NATIONAL MORTGAGE | | 10/23/2019 | 10,000,000.00 | 10,011,400.50 | 10,086,196.93 | 1.750 | 1.668 | AA+ | Aaa | 07/02/2024 |
| 3135G0V75 | 17660 | FEDERAL NATIONAL MORTGAGE | | 10/28/2019 | 8,632,000.00 | 8,641,840.91 | 8,702,502.79 | 1.750 | 1.684 | AA+ | Aaa | 07/02/2024 |
| 3135G0V75 | 17661 | FEDERAL NATIONAL MORTGAGE | | 11/05/2019 | 23,000,000.00 | 23,026,221.15 | 23,220,184.99 | 1.750 | 1.660 | AA+ | Aaa | 07/02/2024 |
| 3135G0V75 | 17663 | FEDERAL NATIONAL MORTGAGE | | 11/08/2019 | 25,000,000.00 | 25,028,501.25 | 25,054,567.35 | 1.750 | 1.835 | AA+ | Aaa | 07/02/2024 |
| 3135G0V75 | 17668 | FEDERAL NATIONAL MORTGAGE | | 12/06/2019 | 25,000,000.00 | 25,028,501.25 | 25,262,831.49 | 1.750 | 1.673 | AA+ | Aaa | 07/02/2024 |
| 3135G0V75 | 17669 | FEDERAL NATIONAL MORTGAGE | | 12/06/2019 | 15,000,000.00 | 15,017,100.75 | 15,160,963.55 | 1.750 | 1.668 | AA+ | Aaa | 07/02/2024 |

# County of Fresno
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## Portfolio Details - Investments
## December 31, 2019

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Agency Coupons** | | | | | | | | | | | | |
| 3135G0V75 | 17670 | FEDERAL NATIONAL MORTGAGE | | 12/09/2019 | 15,000,000.00 | 15,017,100.75 | 15,132,154.90 | 1.750 | 1.716 | AA+ | Aaa | 07/02/2024 |
| 3135G0V75 | 17671 | FEDERAL NATIONAL MORTGAGE | | 12/09/2019 | 25,000,000.00 | 25,028,501.25 | 25,221,984.72 | 1.750 | 1.714 | AA+ | Aaa | 07/02/2024 |
| 3135G0V75 | 17673 | FEDERAL NATIONAL MORTGAGE | | 12/12/2019 | 25,000,000.00 | 25,028,501.25 | 25,219,523.36 | 1.750 | 1.720 | AA+ | Aaa | 07/02/2024 |
| 3135G0V75 | 17675 | FEDERAL NATIONAL MORTGAGE | | 12/13/2019 | 20,000,000.00 | 20,022,801.00 | 20,134,078.94 | 1.750 | 1.769 | AA+ | Aaa | 07/02/2024 |
| 742651DP4 | 17643 | PRIVATE EXPORT FUNDING CO | | 07/15/2019 | 10,000,000.00 | 10,189,086.40 | 10,192,993.56 | 2.450 | 2.001 | | Aaa | 07/15/2024 |
| 742651DP4 | 17644 | PRIVATE EXPORT FUNDING CO | | 07/15/2019 | 10,000,000.00 | 10,189,086.40 | 10,189,099.19 | 2.450 | 2.010 | | Aaa | 07/15/2024 |
| | | **Subtotal and Average** | **2,088,081,127.29** | | **2,149,924,000.00** | **2,175,268,592.14** | **2,154,568,279.16** | | **1.965** | | | |
| **Medium Term Notes** | | | | | | | | | | | | |
| 037833BD1 | 17348 | APPLE INC | | 12/28/2015 | 10,000,000.00 | 10,007,273.10 | 9,999,697.07 | 2.000 | 2.009 | AA+ | Aa1 | 05/06/2020 |
| 037833CC2 | 17425 | APPLE INC | | 12/13/2016 | 5,000,000.00 | 4,981,244.05 | 4,949,146.68 | 1.550 | 2.226 | AA+ | Aa1 | 08/04/2021 |
| 037833BS8 | 17443 | APPLE INC | | 01/19/2017 | 10,000,000.00 | 10,059,515.20 | 10,000,000.00 | 2.250 | 2.250 | AA+ | Aa1 | 02/23/2021 |
| 037833CM0 | 17448 | APPLE INC | | 02/21/2017 | 15,000,000.00 | 15,226,275.15 | 14,984,356.71 | 2.500 | 2.553 | AA+ | Aa1 | 02/09/2022 |
| 037833AY6 | 17470 | APPLE INC | | 04/18/2017 | 10,000,000.00 | 10,084,882.30 | 9,990,993.64 | 2.150 | 2.195 | AA+ | Aa1 | 02/09/2022 |
| 037833CQ1 | 17475 | APPLE INC | | 05/11/2017 | 20,000,000.00 | 20,240,127.20 | 19,977,333.33 | 2.300 | 2.351 | AA+ | Aa1 | 05/11/2022 |
| 037833BU3 | 17540 | APPLE INC | | 03/01/2018 | 10,000,000.00 | 10,285,976.10 | 9,938,093.75 | 2.850 | 3.064 | AA+ | Aa1 | 02/23/2023 |
| 037833DE7 | 17541 | APPLE INC | | 03/01/2018 | 2,500,000.00 | 2,541,521.83 | 2,453,727.12 | 2.400 | 3.060 | AA+ | Aa1 | 01/13/2023 |
| 037833AK6 | 17563 | APPLE INC | | 05/03/2018 | 5,000,000.00 | 5,085,317.50 | 4,865,643.11 | 2.400 | 3.279 | AA+ | Aa1 | 05/03/2023 |
| 037833AK6 | 17564 | APPLE INC | | 05/03/2018 | 5,000,000.00 | 5,085,317.50 | 4,865,509.56 | 2.400 | 3.280 | AA+ | Aa1 | 05/03/2023 |
| 037833AK6 | 17581 | APPLE INC | | 06/22/2018 | 10,000,000.00 | 10,170,635.00 | 9,740,516.28 | 2.400 | 3.246 | AA+ | Aa1 | 05/03/2023 |
| 084670BF4 | 17520 | BERKSHIRE HATHAWAY | | 12/14/2017 | 15,000,000.00 | 15,537,648.75 | 15,308,849.09 | 3.400 | 2.355 | AA | Aa2 | 01/31/2022 |
| 06406HCZ0 | 17297 | BANK OF NEW YORK | | 03/04/2015 | 3,000,000.00 | 3,000,250.95 | 3,000,267.37 | 2.150 | 2.086 | A | A1 | 02/24/2020 |
| 06406HDD8 | 17347 | BANK OF NEW YORK | | 12/28/2015 | 5,000,000.00 | 5,020,206.75 | 5,005,247.15 | 2.600 | 2.422 | A | A1 | 08/17/2020 |
| 06406HBP3 | 17350 | BANK OF NEW YORK | | 12/28/2015 | 5,000,000.00 | 5,004,151.25 | 5,004,283.45 | 4.600 | 2.281 | A | A1 | 01/15/2020 |
| 06406RAA5 | 17469 | BANK OF NEW YORK | | 04/18/2017 | 10,000,000.00 | 10,152,070.30 | 10,034,835.47 | 2.600 | 2.423 | A | A1 | 02/07/2022 |
| 06406FAB9 | 17490 | BANK OF NEW YORK | | 07/18/2017 | 7,500,000.00 | 7,523,857.88 | 7,476,906.37 | 2.050 | 2.291 | A | A1 | 05/03/2021 |
| 14912L6J5 | 17360 | CATERPILLAR | | 03/04/2016 | 8,278,000.00 | 8,279,258.67 | 8,276,805.49 | 2.000 | 2.085 | A | A3 | 03/05/2020 |
| 14912L6U0 | 17401 | CATERPILLAR | | 09/16/2016 | 15,294,000.00 | 15,272,021.45 | 15,239,145.29 | 1.700 | 1.935 | A | A3 | 08/09/2021 |
| 166764AY6 | 17346 | CHEVRON CORP | | 12/28/2015 | 10,000,000.00 | 10,044,455.30 | 9,995,706.42 | 2.419 | 2.471 | AA | Aa2 | 11/17/2020 |
| 166764BG4 | 17471 | CHEVRON CORP | | 04/25/2017 | 20,000,000.00 | 20,126,300.80 | 19,996,815.20 | 2.100 | 2.112 | AA | Aa2 | 05/16/2021 |
| 166764BK5 | 17571 | CHEVRON CORP | | 06/08/2018 | 10,000,000.00 | 10,201,786.90 | 9,769,252.50 | 2.566 | 3.313 | AA | Aa2 | 05/16/2023 |
| 166764BK5 | 17579 | CHEVRON CORP | | 06/22/2018 | 5,000,000.00 | 5,100,893.45 | 4,892,148.09 | 2.566 | 3.262 | AA | Aa2 | 05/16/2023 |
| 166764BK5 | 17585 | CHEVRON CORP | | 07/25/2018 | 6,288,000.00 | 6,414,883.60 | 6,148,001.00 | 2.566 | 3.284 | AA | Aa2 | 05/16/2023 |
| 166764BK5 | 17626 | CHEVRON CORP | | 03/04/2019 | 7,966,000.00 | 8,126,743.44 | 7,888,864.94 | 2.566 | 2.872 | AA | Aa2 | 05/16/2023 |
| 24422ERY7 | 17349 | JOHN DEERE | | 12/28/2015 | 9,000,000.00 | 8,999,205.93 | 8,998,076.71 | 1.700 | 2.278 | A | A2 | 01/15/2020 |
| 24422ETF6 | 17362 | JOHN DEERE | | 03/04/2016 | 5,000,000.00 | 5,035,581.00 | 5,019,249.61 | 2.550 | 2.150 | A | A2 | 01/08/2021 |

# County of Fresno
# Portfolio Management
## Portfolio Details - Investments
## December 31, 2019



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Medium Term Notes** | | | | | | | | | | | | |
| 24422ERH4 | 17427 | JOHN DEERE | | 12/13/2016 | 8,707,000.00 | 8,922,053.67 | 8,813,191.21 | 3.150 | 2.423 | A | A2 | 10/15/2021 |
| 24422ERT8 | 17635 | JOHN DEERE | | 05/28/2019 | 11,125,000.00 | 11,397,931.74 | 11,172,024.81 | 2.800 | 2.654 | A | A2 | 01/27/2023 |
| 24422EUA5 | 17637 | JOHN DEERE | | 06/06/2019 | 10,000,000.00 | 10,225,554.80 | 10,038,858.14 | 2.700 | 2.564 | A | A2 | 01/06/2023 |
| 24422EUA5 | 17638 | JOHN DEERE | | 06/06/2019 | 5,000,000.00 | 5,112,777.40 | 5,019,639.34 | 2.700 | 2.562 | A | A2 | 01/06/2023 |
| 24422ETT6 | 17650 | JOHN DEERE | | 09/19/2019 | 7,059,000.00 | 7,259,639.44 | 7,182,455.27 | 2.650 | 2.236 | A | A2 | 06/24/2024 |
| 24422EUR8 | 17665 | JOHN DEERE | | 11/26/2019 | 5,000,000.00 | 5,270,916.30 | 5,339,099.92 | 3.450 | 2.024 | A | A2 | 01/10/2024 |
| 24422EUR8 | 17672 | JOHN DEERE | | 12/12/2019 | 3,306,000.00 | 3,485,129.86 | 3,535,232.99 | 3.450 | 2.025 | A | A2 | 01/10/2024 |
| 24422EUR8 | 17678 | JOHN DEERE | | 12/27/2019 | 6,413,000.00 | 6,760,477.25 | 6,856,378.73 | 3.450 | 2.067 | A | A2 | 01/10/2024 |
| 46625HNX4 | 17361 | JP MORGAN | | 03/04/2016 | 6,181,000.00 | 6,209,114.40 | 6,182,033.68 | 2.550 | 2.528 | A- | A2 | 10/29/2020 |
| 46625HJH4 | 17559 | JP MORGAN | | 04/26/2018 | 10,000,000.00 | 10,320,437.80 | 9,900,711.06 | 3.200 | 3.554 | A- | A2 | 01/25/2023 |
| 46632FPH2 | 17590 | JP MORGAN | | 08/14/2018 | 30,000,000.00 | 31,218,000.00 | 30,000,000.00 | 3.450 | 3.450 | A+ | Aa2 | 07/14/2023 |
| 46632FPT6 | 17627 | JP MORGAN | | 03/06/2019 | 30,000,000.00 | 30,033,000.00 | 30,000,000.00 | 3.050 | 3.050 | A+ | Aa2 | 01/26/2024 |
| 46632FPX7 | 17634 | JP MORGAN | | 05/15/2019 | 40,000,000.00 | 40,440,000.00 | 40,000,000.00 | 2.775 | 2.775 | A+ | Aa2 | 05/15/2024 |
| 594918BP8 | 17394 | MICROSOFT | | 08/22/2016 | 15,000,000.00 | 14,980,152.90 | 14,996,753.16 | 1.550 | 1.564 | AAA | Aaa | 08/08/2021 |
| 594918BP8 | 17424 | MICROSOFT | | 12/13/2016 | 5,000,000.00 | 4,993,384.30 | 4,951,773.13 | 1.550 | 2.186 | AAA | Aaa | 08/08/2021 |
| 594918BW3 | 17449 | MICROSOFT | | 02/21/2017 | 6,725,000.00 | 6,820,066.62 | 6,722,604.96 | 2.400 | 2.418 | AAA | Aaa | 02/06/2022 |
| 594918BA1 | 17450 | MICROSOFT | | 02/21/2017 | 6,450,000.00 | 6,537,771.54 | 6,444,496.84 | 2.375 | 2.418 | AAA | Aaa | 02/12/2022 |
| 594918BW3 | 17525 | MICROSOFT | | 12/21/2017 | 17,375,000.00 | 17,620,618.21 | 17,375,000.00 | 2.400 | 2.400 | AAA | Aaa | 02/06/2022 |
| 594918AT1 | 17580 | MICROSOFT | | 06/22/2018 | 10,000,000.00 | 10,171,737.40 | 9,758,339.62 | 2.375 | 3.162 | AAA | Aaa | 05/01/2023 |
| 594918BQ6 | 17616 | MICROSOFT | | 02/07/2019 | 2,880,000.00 | 2,900,576.13 | 2,809,187.16 | 2.000 | 2.730 | AAA | Aaa | 08/08/2023 |
| 594918BQ6 | 17617 | MICROSOFT | | 02/11/2019 | 20,000,000.00 | 20,142,889.80 | 19,530,609.52 | 2.000 | 2.696 | AAA | Aaa | 08/08/2023 |
| 594918BQ6 | 17624 | MICROSOFT | | 03/04/2019 | 10,000,000.00 | 10,071,444.90 | 9,752,154.20 | 2.000 | 2.735 | AAA | Aaa | 08/08/2023 |
| 594918BQ6 | 17625 | MICROSOFT | | 03/04/2019 | 5,000,000.00 | 5,035,722.45 | 4,876,223.56 | 2.000 | 2.734 | AAA | Aaa | 08/08/2023 |
| 594918BX1 | 17629 | MICROSOFT | | 03/07/2019 | 10,000,000.00 | 10,376,598.60 | 10,000,000.00 | 2.875 | 2.875 | AAA | Aaa | 02/06/2024 |
| 89233P7F7 | 17538 | TOYOTA MOTOR CREDIT | | 03/01/2018 | 5,000,000.00 | 5,098,366.20 | 4,940,108.11 | 2.625 | 3.054 | AA- | Aa3 | 01/10/2023 |
| 89236TEL5 | 17539 | TOYOTA MOTOR CREDIT | | 03/01/2018 | 5,000,000.00 | 5,102,319.05 | 4,950,532.69 | 2.700 | 3.054 | AA- | Aa3 | 01/11/2023 |
| 89236TEL5 | 17542 | TOYOTA MOTOR CREDIT | | 04/02/2018 | 20,000,000.00 | 20,409,276.20 | 19,757,397.32 | 2.700 | 3.134 | AA- | Aa3 | 01/11/2023 |
| 89236TFS9 | 17612 | TOYOTA MOTOR CREDIT | | 01/09/2019 | 12,250,000.00 | 12,861,779.09 | 12,195,216.69 | 3.350 | 3.472 | AA- | Aa3 | 01/08/2024 |
| 89236TDK8 | 17628 | TOYOTA MOTOR CREDIT | | 03/07/2019 | 3,000,000.00 | 3,029,497.08 | 2,914,207.38 | 2.250 | 3.063 | AA- | Aa3 | 10/18/2023 |
| 89236TDK8 | 17636 | TOYOTA MOTOR CREDIT | | 05/30/2019 | 5,000,000.00 | 5,049,161.80 | 4,932,745.85 | 2.250 | 2.627 | AA- | Aa3 | 10/18/2023 |
| 89236TFQ3 | 17639 | TOYOTA MOTOR CREDIT | | 06/10/2019 | 9,000,000.00 | 9,108,874.44 | 9,073,369.63 | 3.050 | 2.231 | AA- | Aa3 | 01/08/2021 |
| 89236TCZ6 | 17640 | TOYOTA MOTOR CREDIT | | 06/10/2019 | 7,000,000.00 | 7,009,678.62 | 6,970,246.38 | 1.900 | 2.243 | AA- | Aa3 | 04/08/2021 |
| 89236TGM1 | 17653 | TOYOTA MOTOR CREDIT | | 10/15/2019 | 30,000,000.00 | 29,574,291.60 | 30,000,000.00 | 1.875 | 1.875 | AA- | Aa3 | 07/31/2024 |
| 89236TGL3 | 17664 | TOYOTA MOTOR CREDIT | | 11/12/2019 | 10,000,000.00 | 10,001,354.00 | 9,995,916.28 | 2.000 | 2.052 | AA- | Aa3 | 10/07/2024 |
| 91159HHL7 | 17395 | US BANK NA | | 08/22/2016 | 5,000,000.00 | 5,027,577.70 | 5,034,593.22 | 2.350 | 1.681 | A+ | A1 | 01/29/2021 |
| 91159HHL7 | 17426 | US BANK NA | | 12/13/2016 | 4,634,000.00 | 4,659,559.01 | 4,639,771.48 | 2.350 | 2.228 | A+ | A1 | 01/29/2021 |

# County of Fresno
# Portfolio Management
# Portfolio Details - Investments
# December 31, 2019



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Medium Term Notes** | | | | | | | | | | | | |
| 91159HHL7 | 17431 | US BANK NA | | 12/22/2016 | 5,000,000.00 | 5,027,577.70 | 4,996,770.17 | 2.350 | 2.413 | A+ | A1 | 01/29/2021 |
| 91159HHL7 | 17432 | US BANK NA | | 12/22/2016 | 7,522,000.00 | 7,563,487.89 | 7,517,534.26 | 2.350 | 2.408 | A+ | A1 | 01/29/2021 |
| 91159HHL7 | 17458 | US BANK NA | | 03/22/2017 | 10,000,000.00 | 10,055,155.40 | 10,002,489.69 | 2.350 | 2.325 | A+ | A1 | 01/29/2021 |
| 91159HHL7 | 17482 | US BANK NA | | 06/27/2017 | 4,803,000.00 | 4,829,491.14 | 4,817,465.70 | 2.350 | 2.058 | A+ | A1 | 01/29/2021 |
| 91159HHP8 | 17483 | US BANK NA | | 06/27/2017 | 20,000,000.00 | 20,317,201.40 | 20,139,036.19 | 2.625 | 2.268 | A+ | A1 | 01/24/2022 |
| 91159JAA4 | 17529 | US BANK NA | | 12/21/2017 | 10,004,000.00 | 10,237,580.39 | 10,084,424.13 | 2.950 | 2.606 | A- | A1 | 07/15/2022 |
| 90331HNL3 | 17534 | US BANK NA | | 01/24/2018 | 10,000,000.00 | 10,241,442.70 | 9,988,667.59 | 2.850 | 2.890 | AA- | A1 | 01/23/2023 |
| 90331HNL3 | 17537 | US BANK NA | | 03/01/2018 | 5,000,000.00 | 5,120,721.35 | 4,959,985.27 | 2.850 | 3.134 | AA- | A1 | 01/23/2023 |
| 90331HNL3 | 17556 | US BANK NA | | 04/20/2018 | 10,000,000.00 | 10,241,442.70 | 9,911,228.85 | 2.850 | 3.164 | AA- | A1 | 01/23/2023 |
| 90331HNV1 | 17586 | US BANK NA | | 07/25/2018 | 10,000,000.00 | 10,448,335.70 | 9,990,871.37 | 3.400 | 3.428 | AA- | A1 | 07/24/2023 |
| 90331HNV1 | 17587 | US BANK NA | | 07/25/2018 | 1,500,000.00 | 1,567,250.36 | 1,497,855.13 | 3.400 | 3.444 | AA- | A1 | 07/24/2023 |
| 90331HNV1 | 17588 | US BANK NA | | 07/25/2018 | 1,250,000.00 | 1,306,041.96 | 1,248,573.65 | 3.400 | 3.435 | AA- | A1 | 07/24/2023 |
| 931142EK5 | 17604 | WALMART | | 11/13/2018 | 10,000,000.00 | 10,514,987.30 | 9,964,078.17 | 3.400 | 3.512 | AA | Aa2 | 06/26/2023 |
| 949746SA0 | 17445 | WELLS FARGO | | 01/25/2017 | 10,000,000.00 | 10,014,690.60 | 9,894,145.28 | 2.100 | 2.823 | A- | A2 | 07/26/2021 |
| 949746SA0 | 17467 | WELLS FARGO | | 04/17/2017 | 5,000,000.00 | 5,007,345.30 | 4,972,686.16 | 2.100 | 2.469 | A- | A2 | 07/26/2021 |
| 949746SA0 | 17477 | WELLS FARGO | | 05/15/2017 | 13,232,000.00 | 13,251,438.60 | 13,158,377.19 | 2.100 | 2.475 | A- | A2 | 07/26/2021 |
| 949746SA0 | 17491 | WELLS FARGO | | 07/18/2017 | 12,275,000.00 | 12,293,032.71 | 12,215,943.94 | 2.100 | 2.424 | A- | A2 | 07/26/2021 |
| 95000U2B8 | 17508 | WELLS FARGO | | 10/20/2017 | 5,000,000.00 | 5,074,720.55 | 4,998,762.68 | 2.625 | 2.635 | A- | A2 | 07/22/2022 |
| 94988J5R4 | 17591 | WELLS FARGO | | 08/14/2018 | 10,000,000.00 | 10,480,729.80 | 9,988,200.61 | 3.550 | 3.586 | A+ | Aa2 | 08/14/2023 |
| 94988J5R4 | 17602 | WELLS FARGO | | 11/13/2018 | 10,000,000.00 | 10,480,729.80 | 9,907,860.92 | 3.550 | 3.830 | A+ | Aa2 | 08/14/2023 |
| 94988J5N3 | 17641 | WELLS FARGO | | 06/13/2019 | 10,000,000.00 | 10,070,123.10 | 10,009,081.92 | 2.600 | 2.510 | A+ | Aa2 | 01/15/2021 |
| | | **Subtotal and Average** | **823,514,917.38** | | **822,517,000.00** | **834,988,658.10** | **820,744,382.60** | | **2.632** | | | |
| **Treasury Notes** | | | | | | | | | | | | |
| 911759MW5 | 17630 | US HOUSING AND URBAN DEVELOP | | 03/28/2019 | 3,500,000.00 | 3,606,395.24 | 3,500,000.00 | 2.618 | 2.618 | AA+ | Aaa | 08/01/2023 |
| 912828ND8 | 17345 | US TREASURY NOTE | | 12/23/2015 | 40,000,000.00 | 40,267,200.00 | 40,264,821.85 | 3.500 | 1.637 | AA+ | Aaa | 05/15/2020 |
| 912828XE5 | 17416 | US TREASURY NOTE | | 11/15/2016 | 15,000,000.00 | 14,991,720.00 | 15,005,611.04 | 1.500 | 1.407 | AA+ | Aaa | 05/31/2020 |
| 912828XE5 | 17428 | US TREASURY NOTE | | 12/13/2016 | 40,000,000.00 | 39,977,920.00 | 39,986,198.12 | 1.500 | 1.586 | AA+ | Aaa | 05/31/2020 |
| 912828N48 | 17429 | US TREASURY NOTE | | 12/16/2016 | 40,000,000.00 | 40,037,520.00 | 39,935,086.38 | 1.750 | 1.919 | AA+ | Aaa | 12/31/2020 |
| 912828XM7 | 17433 | US TREASURY NOTE | | 12/22/2016 | 40,000,000.00 | 39,998,440.00 | 39,973,339.03 | 1.625 | 1.744 | AA+ | Aaa | 07/31/2020 |
| 912828WN6 | 17434 | US TREASURY NOTE | | 12/28/2016 | 40,000,000.00 | 40,220,320.00 | 40,002,496.13 | 2.000 | 1.995 | AA+ | Aaa | 05/31/2021 |
| 912828XM7 | 17435 | US TREASURY NOTE | | 12/28/2016 | 40,000,000.00 | 39,998,440.00 | 39,968,668.95 | 1.625 | 1.765 | AA+ | Aaa | 07/31/2020 |
| 912828L65 | 17436 | US TREASURY NOTE | | 12/28/2016 | 30,000,000.00 | 29,939,070.00 | 29,903,930.17 | 1.375 | 1.820 | AA+ | Aaa | 09/30/2020 |
| 912828XR6 | 17497 | US TREASURY NOTE | | 09/27/2017 | 20,000,000.00 | 20,078,120.00 | 19,958,066.05 | 1.750 | 1.841 | AA+ | Aaa | 05/31/2022 |
| 912828L24 | 17510 | US TREASURY NOTE | | 10/23/2017 | 20,000,000.00 | 20,146,880.00 | 19,930,544.10 | 1.875 | 2.012 | AA+ | Aaa | 08/31/2022 |
| 912828XT2 | 17677 | US TREASURY NOTE | | 12/18/2019 | 20,000,000.00 | 20,277,340.00 | 20,264,421.51 | 2.000 | 1.711 | AA+ | Aaa | 05/31/2024 |

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **Subtotal and Average** | **337,595,731.13** | | **348,500,000.00** | **349,539,365.24** | **348,693,183.33** | | **1.784** | | | |
| **Mutual Funds** | | | | | | | | | | | | |
| SYS16450 | 16450 | BLACKROCK LIQUIDITY FED FUND | | 07/01/2019 | 0.00 | 0.00 | 0.00 | 1.580 | 1.580 | AAA | Aaa | |
| SYS02642 | 02642 | FIDELITY 2642 | | | 80,000,000.00 | 80,000,000.00 | 80,000,000.00 | 1.530 | 1.530 | AAA | Aaa | |
| SYS15497 | 15497 | FIDELITY 2644 | | 07/01/2019 | 0.00 | 0.00 | 0.00 | 1.540 | 1.540 | AAA | Aaa | |
| | | **Subtotal and Average** | **54,677,419.35** | | **80,000,000.00** | **80,000,000.00** | **80,000,000.00** | | **1.530** | | | |
| **Local Agency Investment Funds** | | | | | | | | | | | | |
| SYS05291 | 05291 | LAIF | | | 65,000,000.00 | 65,000,000.00 | 65,000,000.00 | 2.043 | 2.043 | | | |
| | | **Subtotal and Average** | **65,000,000.00** | | **65,000,000.00** | **65,000,000.00** | **65,000,000.00** | | **2.043** | | | |
| **Bank Money Market Accounts** | | | | | | | | | | | | |
| SYS16800 | 16800 | BANK OF THE WEST MM | | | 500,776,784.64 | 500,776,784.64 | 500,776,784.64 | 1.850 | 1.850 | | | |
| SYS16500 | 16500 | UNION BANK MM | | | 25,034,350.18 | 25,034,350.18 | 25,034,350.18 | 1.540 | 1.540 | | | |
| | | **Subtotal and Average** | **498,913,893.27** | | **525,811,134.82** | **525,811,134.82** | **525,811,134.82** | | **1.835** | | | |
| **Municipal Bonds** | | | | | | | | | | | | |
| 13063DAD0 | 17472 | STATE OF CALIFORNIA | | 04/27/2017 | 5,000,000.00 | 5,070,050.00 | 5,000,000.00 | 2.367 | 2.367 | AA- | Aa2 | 04/01/2022 |
| 13063DAD0 | 17473 | STATE OF CALIFORNIA | | 04/27/2017 | 10,500,000.00 | 10,647,105.00 | 10,526,176.61 | 2.367 | 2.249 | AA- | Aa2 | 04/01/2022 |
| 13063DAD0 | 17474 | STATE OF CALIFORNIA | | 05/03/2017 | 8,000,000.00 | 8,112,080.00 | 8,013,671.04 | 2.367 | 2.286 | AA- | Aa2 | 04/01/2022 |
| 13063DDF2 | 17504 | STATE OF CALIFORNIA | | 10/26/2017 | 10,000,000.00 | 10,185,500.00 | 10,077,694.08 | 2.500 | 2.200 | AA- | Aa2 | 10/01/2022 |
| 13063DDF2 | 17505 | STATE OF CALIFORNIA | | 10/26/2017 | 10,000,000.00 | 10,185,500.00 | 10,077,694.08 | 2.500 | 2.200 | AA- | Aa2 | 10/01/2022 |
| 13063DDE5 | 17518 | STATE OF CALIFORNIA | | 12/11/2017 | 25,000,000.00 | 25,105,000.00 | 25,045,044.55 | 2.300 | 2.051 | AA- | Aa2 | 10/01/2020 |
| 13063DDF2 | 17519 | STATE OF CALIFORNIA | | 12/14/2017 | 20,000,000.00 | 20,371,000.00 | 20,035,770.70 | 2.500 | 2.430 | AA- | Aa2 | 10/01/2022 |
| 13063DDF2 | 17532 | STATE OF CALIFORNIA | | 01/16/2018 | 5,000,000.00 | 5,092,750.00 | 4,990,392.04 | 2.500 | 2.574 | AA- | Aa2 | 10/01/2022 |
| 13063DRK6 | 17657 | STATE OF CALIFORNIA | | 10/24/2019 | 50,000,000.00 | 50,719,500.00 | 51,105,196.96 | 2.400 | 1.910 | AA- | Aa2 | 10/01/2024 |
| | | **Subtotal and Average** | **144,886,313.95** | | **143,500,000.00** | **145,488,485.00** | **144,871,640.06** | | **2.131** | | | |
| | | **Total and Average** | **4,031,470,945.23** | | **4,175,314,809.95** | **4,216,158,910.43** | **4,179,751,295.10** | | **2.059** | | | |

# County of Fresno
# Portfolio Management
## Portfolio Details - Cash
## December 31, 2019



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | YTM 365 | S&P | Moody's |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Average Balance | 0.00 | | | | | | | | |
| | | Total Cash and Investments | 4,031,470,945.23 | | 4,175,314,809.95 | 4,216,158,910.43 | 4,179,751,295.10 | | 2.059 | | |

# County of Fresno
# Inventory by Maturity Report
# December 31, 2019

Fresno County
P.O. Box 1247
Fresno, CA 93715
(559)600-3496

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 24422ERY7 | 17349 | TREAS | MTN | JOHN DEERE | 12/28/2015 | 8,998,076.71 | 1.700 | 01/15/2020 | 9,076,500.00 | 1,479 | 9,000,000.00 | 2.247 | 2.278 | 14 |
| 06406HBP3 | 17350 | TREAS | MTN | BANK OF NEW YORK | 12/28/2015 | 5,004,283.45 | 4.600 | 01/15/2020 | 5,115,000.00 | 1,479 | 5,000,000.00 | 2.250 | 2.281 | 14 |
| 3135G0A78 | 17299 | TREAS | FAC | FEDERAL NATIONAL | 03/04/2015 | 19,999,180.42 | 1.625 | 01/21/2020 | 20,162,500.00 | 1,784 | 20,000,000.00 | 1.679 | 1.702 | 20 |
| 3135G0A78 | 17307 | TREAS | FAC | FEDERAL NATIONAL | 05/08/2015 | 10,000,014.18 | 1.625 | 01/21/2020 | 10,081,250.00 | 1,719 | 10,000,000.00 | 1.600 | 1.622 | 20 |
| 3135G0A78 | 17308 | TREAS | FAC | FEDERAL NATIONAL | 05/08/2015 | 10,000,025.63 | 1.625 | 01/21/2020 | 10,081,250.00 | 1,719 | 10,000,000.00 | 1.598 | 1.620 | 20 |
| 3135G0A78 | 17312 | TREAS | FAC | FEDERAL NATIONAL | 06/03/2015 | 14,999,918.88 | 1.625 | 01/21/2020 | 15,121,875.00 | 1,693 | 15,000,000.00 | 1.613 | 1.635 | 20 |
| 3135G0A78 | 17329 | TREAS | FAC | FEDERAL NATIONAL | 10/29/2015 | 10,000,981.60 | 1.625 | 01/21/2020 | 10,081,250.00 | 1,545 | 10,000,000.00 | 1.422 | 1.442 | 20 |
| 3135G0A78 | 17332 | TREAS | FAC | FEDERAL NATIONAL | 11/04/2015 | 10,000,540.54 | 1.625 | 01/21/2020 | 10,081,250.00 | 1,539 | 10,000,000.00 | 1.503 | 1.524 | 20 |
| 3135G0A78 | 17335 | TREAS | FAC | FEDERAL NATIONAL | 11/06/2015 | 10,000,191.68 | 1.625 | 01/21/2020 | 10,081,250.00 | 1,537 | 10,000,000.00 | 1.567 | 1.589 | 20 |
| 3135G0A78 | 17341 | TREAS | FAC | FEDERAL NATIONAL | 12/22/2015 | 20,000,116.54 | 1.625 | 01/21/2020 | 20,162,500.00 | 1,491 | 20,000,000.00 | 1.592 | 1.614 | 20 |
| 3135G0A78 | 17342 | TREAS | FAC | FEDERAL NATIONAL | 12/23/2015 | 10,000,036.78 | 1.625 | 01/21/2020 | 10,081,250.00 | 1,490 | 10,000,000.00 | 1.596 | 1.618 | 20 |
| 3135G0A78 | 17344 | TREAS | FAC | FEDERAL NATIONAL | 12/23/2015 | 20,000,052.32 | 1.625 | 01/21/2020 | 20,162,500.00 | 1,490 | 20,000,000.00 | 1.598 | 1.620 | 20 |
| 06406HCZ0 | 17297 | TREAS | MTN | BANK OF NEW YORK | 03/04/2015 | 3,000,267.37 | 2.150 | 02/24/2020 | 3,000,000.00 | 1,818 | 3,000,000.00 | 2.057 | 2.086 | 54 |
| 14912L6J5 | 17360 | TREAS | MTN | CATERPILLAR | 03/04/2016 | 8,276,805.49 | 2.000 | 03/05/2020 | 8,278,000.00 | 1,462 | 8,278,000.00 | 2.056 | 2.085 | 64 |
| 3137EADR7 | 17303 | TREAS | FAC | FEDERAL HOME | 05/06/2015 | 9,991,797.21 | 1.375 | 05/01/2020 | 10,000,000.00 | 1,822 | 10,000,000.00 | 1.610 | 1.632 | 121 |
| 3137EADR7 | 17309 | TREAS | FAC | FEDERAL HOME | 05/08/2015 | 9,991,328.95 | 1.375 | 05/01/2020 | 10,000,000.00 | 1,820 | 10,000,000.00 | 1.624 | 1.647 | 121 |
| 037833BD1 | 17348 | TREAS | MTN | APPLE INC | 12/28/2015 | 9,999,697.07 | 2.000 | 05/06/2020 | 10,000,000.00 | 1,591 | 10,000,000.00 | 1.981 | 2.009 | 126 |
| 912828ND8 | 17345 | TREAS | TRC | US TREASURY NOTE | 12/23/2015 | 40,264,821.85 | 3.500 | 05/15/2020 | 40,000,000.00 | 1,605 | 40,000,000.00 | 1.614 | 1.637 | 135 |
| 3134G44G0 | 17328 | TREAS | FAC | FEDERAL HOME | 10/29/2015 | 4,999,546.28 | 1.500 | 05/22/2020 | 5,000,000.00 | 1,667 | 5,000,000.00 | 1.503 | 1.524 | 142 |
| 912828XE5 | 17416 | TREAS | TRC | US TREASURY NOTE | 11/15/2016 | 15,005,611.04 | 1.500 | 05/31/2020 | 15,000,000.00 | 1,293 | 15,000,000.00 | 1.388 | 1.407 | 151 |
| 912828XE5 | 17428 | TREAS | TRC | US TREASURY NOTE | 12/13/2016 | 39,986,198.12 | 1.500 | 05/31/2020 | 40,000,000.00 | 1,265 | 40,000,000.00 | 1.564 | 1.586 | 151 |
| 313383HU8 | 17315 | TREAS | FAC | FEDERAL HOME LOAN | 06/12/2015 | 19,999,914.13 | 1.750 | 06/12/2020 | 20,000,000.00 | 1,827 | 20,000,000.00 | 1.727 | 1.751 | 163 |
| 313383HU8 | 17317 | TREAS | FAC | FEDERAL HOME LOAN | 06/26/2015 | 12,610,915.23 | 1.750 | 06/12/2020 | 12,615,000.00 | 1,813 | 12,615,000.00 | 1.801 | 1.826 | 163 |
| 3133EEW55 | 17316 | TREAS | FAC | FEDERAL FARM CREDIT | 06/15/2015 | 9,996,234.38 | 1.800 | 06/15/2020 | 10,000,000.00 | 1,827 | 10,000,000.00 | 1.861 | 1.887 | 166 |
| 3135G0D75 | 17327 | TREAS | FAC | FEDERAL NATIONAL | 10/29/2015 | 19,996,790.56 | 1.500 | 06/22/2020 | 20,000,000.00 | 1,698 | 20,000,000.00 | 1.514 | 1.535 | 173 |
| 3135G0D75 | 17331 | TREAS | FAC | FEDERAL NATIONAL | 10/30/2015 | 5,948,119.66 | 1.500 | 06/22/2020 | 5,950,000.00 | 1,697 | 5,950,000.00 | 1.548 | 1.569 | 173 |
| 3135G0D75 | 17333 | TREAS | FAC | FEDERAL NATIONAL | 11/04/2015 | 4,997,124.37 | 1.500 | 06/22/2020 | 5,000,000.00 | 1,692 | 5,000,000.00 | 1.604 | 1.626 | 173 |
| 3135G0D75 | 17334 | TREAS | FAC | FEDERAL NATIONAL | 11/04/2015 | 4,997,103.87 | 1.500 | 06/22/2020 | 5,000,000.00 | 1,692 | 5,000,000.00 | 1.605 | 1.627 | 173 |
| 3135G0D75 | 17336 | TREAS | FAC | FEDERAL NATIONAL | 11/06/2015 | 4,995,930.28 | 1.500 | 06/22/2020 | 5,000,000.00 | 1,690 | 5,000,000.00 | 1.656 | 1.679 | 173 |
| 3135G0D75 | 17338 | TREAS | FAC | FEDERAL NATIONAL | 12/17/2015 | 29,962,631.50 | 1.500 | 06/22/2020 | 30,000,000.00 | 1,649 | 30,000,000.00 | 1.750 | 1.774 | 173 |
| 3135G0D75 | 17339 | TREAS | FAC | FEDERAL NATIONAL | 12/17/2015 | 19,973,361.88 | 1.500 | 06/22/2020 | 20,000,000.00 | 1,649 | 20,000,000.00 | 1.769 | 1.793 | 173 |
| 3135G0D75 | 17340 | TREAS | FAC | FEDERAL NATIONAL | 12/22/2015 | 9,990,799.78 | 1.500 | 06/22/2020 | 10,000,000.00 | 1,644 | 10,000,000.00 | 1.679 | 1.702 | 173 |
| 3135G0D75 | 17343 | TREAS | FAC | FEDERAL NATIONAL | 12/23/2015 | 9,990,071.65 | 1.500 | 06/22/2020 | 10,000,000.00 | 1,643 | 10,000,000.00 | 1.695 | 1.718 | 173 |
| 912828XM7 | 17433 | TREAS | TRC | US TREASURY NOTE | 12/22/2016 | 39,973,339.03 | 1.625 | 07/31/2020 | 40,000,000.00 | 1,317 | 40,000,000.00 | 1.720 | 1.744 | 212 |
| 912828XM7 | 17435 | TREAS | TRC | US TREASURY NOTE | 12/28/2016 | 39,968,668.95 | 1.625 | 07/31/2020 | 40,000,000.00 | 1,311 | 40,000,000.00 | 1.740 | 1.765 | 212 |
| 06406HDD8 | 17347 | TREAS | MTN | BANK OF NEW YORK | 12/28/2015 | 5,005,247.15 | 2.600 | 08/17/2020 | 5,000,000.00 | 1,694 | 5,000,000.00 | 2.389 | 2.422 | 229 |

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 912828L65 | 17436 | TREAS | TRC | US TREASURY NOTE | 12/28/2016 | 29,903,930.17 | 1.375 | 09/30/2020 | 30,000,000.00 | 1,372 | 30,000,000.00 | 1.795 | 1.820 | 273 |
| 13063DDE5 | 17518 | TREAS | MUN | STATE OF CALIFORNIA | 12/11/2017 | 25,045,044.55 | 2.300 | 10/01/2020 | 25,000,000.00 | 1,025 | 25,000,000.00 | 2.023 | 2.051 | 274 |
| 46625HNX4 | 17361 | TREAS | MTN | JP MORGAN | 03/04/2016 | 6,182,033.68 | 2.550 | 10/29/2020 | 6,181,000.00 | 1,700 | 6,181,000.00 | 2.493 | 2.528 | 302 |
| 3135G0RM7 | 17330 | TREAS | FAC | FEDERAL NATIONAL | 10/30/2015 | 10,064,311.38 | 1.630 | 10/30/2020 | 10,060,000.00 | 1,827 | 10,060,000.00 | 1.555 | 1.576 | 303 |
| 166764AY6 | 17346 | TREAS | MTN | CHEVRON CORP | 12/28/2015 | 9,995,706.42 | 2.419 | 11/17/2020 | 10,000,000.00 | 1,786 | 10,000,000.00 | 2.437 | 2.471 | 321 |
| 313381CA1 | 17372 | TREAS | FAC | FEDERAL HOME LOAN | 04/21/2016 | 5,000,268.74 | 1.375 | 12/11/2020 | 5,000,000.00 | 1,695 | 5,000,000.00 | 1.350 | 1.369 | 345 |
| 3135G0H55 | 17374 | TREAS | FAC | FEDERAL NATIONAL | 05/20/2016 | 10,043,804.63 | 1.875 | 12/28/2020 | 10,000,000.00 | 1,683 | 10,000,000.00 | 1.398 | 1.417 | 362 |
| 912828N48 | 17429 | TREAS | TRC | US TREASURY NOTE | 12/16/2016 | 39,935,086.38 | 1.750 | 12/31/2020 | 40,000,000.00 | 1,476 | 40,000,000.00 | 1.893 | 1.919 | 365 |
| 24422ETF6 | 17362 | TREAS | MTN | JOHN DEERE | 03/04/2016 | 5,019,249.61 | 2.550 | 01/08/2021 | 5,000,000.00 | 1,771 | 5,000,000.00 | 2.121 | 2.150 | 373 |
| 89236TFQ3 | 17639 | TREAS | MTN | TOYOTA MOTOR CREDIT | 06/10/2019 | 9,073,369.63 | 3.050 | 01/08/2021 | 9,000,000.00 | 578 | 9,000,000.00 | 2.200 | 2.231 | 373 |
| 94988J5N3 | 17641 | TREAS | MTN | WELLS FARGO | 06/13/2019 | 10,009,081.92 | 2.600 | 01/15/2021 | 10,000,000.00 | 582 | 10,000,000.00 | 2.475 | 2.510 | 380 |
| 3130AAX45 | 17460 | TREAS | FAC | FEDERAL HOME LOAN | 03/28/2017 | 15,016,622.66 | 1.875 | 01/28/2021 | 15,000,000.00 | 1,402 | 15,000,000.00 | 1.744 | 1.768 | 393 |
| 91159HHL7 | 17395 | TREAS | MTN | US BANK NA | 08/22/2016 | 5,034,593.22 | 2.350 | 01/29/2021 | 5,000,000.00 | 1,621 | 5,000,000.00 | 1.658 | 1.681 | 394 |
| 91159HHL7 | 17426 | TREAS | MTN | US BANK NA | 12/13/2016 | 4,639,771.48 | 2.350 | 01/29/2021 | 4,634,000.00 | 1,508 | 4,634,000.00 | 2.198 | 2.228 | 394 |
| 91159HHL7 | 17431 | TREAS | MTN | US BANK NA | 12/22/2016 | 4,996,770.17 | 2.350 | 01/29/2021 | 5,000,000.00 | 1,499 | 5,000,000.00 | 2.380 | 2.413 | 394 |
| 91159HHL7 | 17432 | TREAS | MTN | US BANK NA | 12/22/2016 | 7,517,534.26 | 2.350 | 01/29/2021 | 7,522,000.00 | 1,499 | 7,522,000.00 | 2.375 | 2.408 | 394 |
| 91159HHL7 | 17458 | TREAS | MTN | US BANK NA | 03/22/2017 | 10,002,489.69 | 2.350 | 01/29/2021 | 10,000,000.00 | 1,409 | 10,000,000.00 | 2.293 | 2.325 | 394 |
| 91159HHL7 | 17482 | TREAS | MTN | US BANK NA | 06/27/2017 | 4,817,465.70 | 2.350 | 01/29/2021 | 4,803,000.00 | 1,312 | 4,803,000.00 | 2.030 | 2.058 | 394 |
| 313376XN0 | 17364 | TREAS | FAC | FEDERAL HOME LOAN | 03/03/2016 | 824,731.79 | 2.100 | 02/08/2021 | 820,000.00 | 1,803 | 820,000.00 | 1.533 | 1.554 | 404 |
| 3133EFYZ4 | 17359 | TREAS | FAC | FEDERAL FARM CREDIT | 02/29/2016 | 17,788,411.57 | 1.375 | 02/10/2021 | 17,800,000.00 | 1,808 | 17,800,000.00 | 1.416 | 1.436 | 406 |
| 3130A7CV5 | 17363 | TREAS | FAC | FEDERAL HOME LOAN | 03/03/2016 | 4,991,806.42 | 1.375 | 02/18/2021 | 5,000,000.00 | 1,813 | 5,000,000.00 | 1.505 | 1.526 | 414 |
| 3130A7CV5 | 17371 | TREAS | FAC | FEDERAL HOME LOAN | 04/21/2016 | 9,996,930.51 | 1.375 | 02/18/2021 | 10,000,000.00 | 1,764 | 10,000,000.00 | 1.384 | 1.403 | 414 |
| 3130A7CV5 | 17376 | TREAS | FAC | FEDERAL HOME LOAN | 05/20/2016 | 4,994,983.99 | 1.375 | 02/18/2021 | 5,000,000.00 | 1,735 | 5,000,000.00 | 1.447 | 1.467 | 414 |
| 3130A7CV5 | 17379 | TREAS | FAC | FEDERAL HOME LOAN | 05/25/2016 | 9,987,366.99 | 1.375 | 02/18/2021 | 10,000,000.00 | 1,730 | 10,000,000.00 | 1.471 | 1.491 | 414 |
| 3130A7CV5 | 17388 | TREAS | FAC | FEDERAL HOME LOAN | 08/08/2016 | 10,022,062.90 | 1.375 | 02/18/2021 | 10,000,000.00 | 1,655 | 10,000,000.00 | 1.158 | 1.174 | 414 |
| 3130A7CV5 | 17457 | TREAS | FAC | FEDERAL HOME LOAN | 03/20/2017 | 19,893,810.00 | 1.375 | 02/18/2021 | 20,000,000.00 | 1,431 | 20,000,000.00 | 1.838 | 1.864 | 414 |
| 037833BS8 | 17443 | TREAS | MTN | APPLE INC | 01/19/2017 | 10,000,000.00 | 2.250 | 02/23/2021 | 10,000,000.00 | 1,496 | 10,000,000.00 | 2.219 | 2.250 | 419 |
| 89236TCZ6 | 17640 | TREAS | MTN | TOYOTA MOTOR CREDIT | 06/10/2019 | 6,970,246.38 | 1.900 | 04/08/2021 | 7,000,000.00 | 668 | 7,000,000.00 | 2.212 | 2.243 | 463 |
| 06406FAB9 | 17490 | TREAS | MTN | BANK OF NEW YORK | 07/18/2017 | 7,476,906.37 | 2.050 | 05/03/2021 | 7,500,000.00 | 1,385 | 7,500,000.00 | 2.260 | 2.291 | 488 |
| 3135G0K69 | 17380 | TREAS | FAC | FEDERAL NATIONAL | 05/25/2016 | 9,964,699.30 | 1.250 | 05/06/2021 | 10,000,000.00 | 1,807 | 10,000,000.00 | 1.502 | 1.523 | 491 |
| 3135G0K69 | 17402 | TREAS | FAC | FEDERAL NATIONAL | 09/28/2016 | 25,004,876.25 | 1.250 | 05/06/2021 | 25,000,000.00 | 1,681 | 25,000,000.00 | 1.218 | 1.235 | 491 |
| 3135G0K69 | 17412 | TREAS | FAC | FEDERAL NATIONAL | 11/02/2016 | 9,983,072.78 | 1.250 | 05/06/2021 | 10,000,000.00 | 1,646 | 10,000,000.00 | 1.361 | 1.380 | 491 |
| 3135G0K69 | 17413 | TREAS | FAC | FEDERAL NATIONAL | 11/14/2016 | 7,971,333.25 | 1.250 | 05/06/2021 | 8,000,000.00 | 1,634 | 8,000,000.00 | 1.505 | 1.526 | 491 |
| 166764BG4 | 17471 | TREAS | MTN | CHEVRON CORP | 04/25/2017 | 19,996,815.20 | 2.100 | 05/16/2021 | 20,000,000.00 | 1,482 | 20,000,000.00 | 2.083 | 2.112 | 501 |
| 912828WN6 | 17434 | TREAS | TRC | US TREASURY NOTE | 12/28/2016 | 40,002,496.13 | 2.000 | 05/31/2021 | 40,000,000.00 | 1,615 | 40,000,000.00 | 1.968 | 1.995 | 516 |
| 3130A1W95 | 17386 | TREAS | FAC | FEDERAL HOME LOAN | 07/15/2016 | 30,418,991.62 | 2.250 | 06/11/2021 | 30,000,000.00 | 1,792 | 30,000,000.00 | 1.233 | 1.250 | 527 |
| 313379RB7 | 17392 | TREAS | FAC | FEDERAL HOME LOAN | 08/17/2016 | 10,079,243.32 | 1.875 | 06/11/2021 | 10,000,000.00 | 1,759 | 10,000,000.00 | 1.289 | 1.307 | 527 |
| 3130A1W95 | 17420 | TREAS | FAC | FEDERAL HOME LOAN | 11/29/2016 | 18,574,695.02 | 2.250 | 06/11/2021 | 18,470,000.00 | 1,655 | 18,470,000.00 | 1.814 | 1.839 | 527 |
| 313379RB7 | 17466 | TREAS | FAC | FEDERAL HOME LOAN | 04/11/2017 | 15,005,980.00 | 1.875 | 06/11/2021 | 15,000,000.00 | 1,522 | 15,000,000.00 | 1.821 | 1.846 | 527 |
| 3130AB3M6 | 17465 | TREAS | FAC | FEDERAL HOME LOAN | 04/10/2017 | 5,001,595.72 | 1.875 | 06/30/2021 | 5,000,000.00 | 1,542 | 5,000,000.00 | 1.828 | 1.853 | 546 |
| 3130A8QS5 | 17389 | TREAS | FAC | FEDERAL HOME LOAN | 08/08/2016 | 14,973,470.95 | 1.125 | 07/14/2021 | 15,000,000.00 | 1,801 | 15,000,000.00 | 1.227 | 1.244 | 560 |

**County of Fresno**
**Inventory by Maturity Report**



| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3130A8QS5 | 17399 | TREAS | FAC | FEDERAL HOME LOAN | 08/29/2016 | 3,943,634.48 | 1.125 | 07/14/2021 | 3,955,000.00 | 1,780 | 3,955,000.00 | 1.301 | 1.319 | 560 |
| 3130A8QS5 | 17400 | TREAS | FAC | FEDERAL HOME LOAN | 09/13/2016 | 14,954,155.95 | 1.125 | 07/14/2021 | 15,000,000.00 | 1,765 | 15,000,000.00 | 1.313 | 1.331 | 560 |
| 3130A8QS5 | 17403 | TREAS | FAC | FEDERAL HOME LOAN | 09/28/2016 | 9,982,887.50 | 1.125 | 07/14/2021 | 10,000,000.00 | 1,750 | 10,000,000.00 | 1.223 | 1.240 | 560 |
| 3130A8QS5 | 17408 | TREAS | FAC | FEDERAL HOME LOAN | 10/13/2016 | 9,956,267.43 | 1.125 | 07/14/2021 | 10,000,000.00 | 1,735 | 10,000,000.00 | 1.401 | 1.420 | 560 |
| 3130A8QS5 | 17414 | TREAS | FAC | FEDERAL HOME LOAN | 11/14/2016 | 9,940,160.79 | 1.125 | 07/14/2021 | 10,000,000.00 | 1,703 | 10,000,000.00 | 1.509 | 1.530 | 560 |
| 3130A8QS5 | 17464 | TREAS | FAC | FEDERAL HOME LOAN | 04/06/2017 | 19,799,183.84 | 1.125 | 07/14/2021 | 20,000,000.00 | 1,560 | 20,000,000.00 | 1.782 | 1.807 | 560 |
| 949746SA0 | 17445 | TREAS | MTN | WELLS FARGO | 01/25/2017 | 9,894,145.28 | 2.100 | 07/26/2021 | 10,000,000.00 | 1,643 | 10,000,000.00 | 2.784 | 2.823 | 572 |
| 3134G9M79 | 17463 | TREAS | FAC | FEDERAL HOME | 04/06/2017 | 4,409,519.95 | 1.875 | 07/26/2021 | 4,410,000.00 | 1,572 | 4,410,000.00 | 1.856 | 1.882 | 572 |
| 949746SA0 | 17467 | TREAS | MTN | WELLS FARGO | 04/17/2017 | 4,972,686.16 | 2.100 | 07/26/2021 | 5,000,000.00 | 1,561 | 5,000,000.00 | 2.435 | 2.469 | 572 |
| 949746SA0 | 17477 | TREAS | MTN | WELLS FARGO | 05/15/2017 | 13,158,377.19 | 2.100 | 07/26/2021 | 13,232,000.00 | 1,533 | 13,232,000.00 | 2.441 | 2.475 | 572 |
| 949746SA0 | 17491 | TREAS | MTN | WELLS FARGO | 07/18/2017 | 12,215,943.94 | 2.100 | 07/26/2021 | 12,275,000.00 | 1,469 | 12,275,000.00 | 2.390 | 2.424 | 572 |
| 3134G9N86 | 17476 | TREAS | FAC | FEDERAL HOME | 05/11/2017 | 6,167,696.42 | 1.875 | 07/27/2021 | 6,170,000.00 | 1,538 | 6,170,000.00 | 1.874 | 1.900 | 573 |
| 3133752P1 | 17405 | TREAS | FAC | FEDERAL HOME LOAN | 10/05/2016 | 5,887,310.28 | 3.500 | 07/29/2021 | 5,700,000.00 | 1,758 | 5,700,000.00 | 1.324 | 1.342 | 575 |
| 037833CC2 | 17425 | TREAS | MTN | APPLE INC | 12/13/2016 | 4,949,146.68 | 1.550 | 08/04/2021 | 5,000,000.00 | 1,695 | 5,000,000.00 | 2.195 | 2.226 | 581 |
| 594918BP8 | 17394 | TREAS | MTN | MICROSOFT | 08/22/2016 | 14,996,753.16 | 1.550 | 08/08/2021 | 15,000,000.00 | 1,812 | 15,000,000.00 | 1.543 | 1.564 | 585 |
| 594918BP8 | 17424 | TREAS | MTN | MICROSOFT | 12/13/2016 | 4,951,773.13 | 1.550 | 08/08/2021 | 5,000,000.00 | 1,699 | 5,000,000.00 | 2.156 | 2.186 | 585 |
| 14912L6U0 | 17401 | TREAS | MTN | CATERPILLAR | 09/16/2016 | 15,239,145.29 | 1.700 | 08/09/2021 | 15,294,000.00 | 1,788 | 15,294,000.00 | 1.909 | 1.935 | 586 |
| 3137EAEC9 | 17393 | TREAS | FAC | FEDERAL HOME | 08/17/2016 | 9,969,250.70 | 1.125 | 08/12/2021 | 10,000,000.00 | 1,821 | 10,000,000.00 | 1.304 | 1.322 | 589 |
| 3135G0N82 | 17396 | TREAS | FAC | FEDERAL NATIONAL | 08/29/2016 | 9,993,150.22 | 1.250 | 08/17/2021 | 10,000,000.00 | 1,814 | 10,000,000.00 | 1.276 | 1.294 | 594 |
| 3135G0N82 | 17397 | TREAS | FAC | FEDERAL NATIONAL | 08/29/2016 | 9,986,267.67 | 1.250 | 08/17/2021 | 10,000,000.00 | 1,814 | 10,000,000.00 | 1.319 | 1.337 | 594 |
| 3135G0N82 | 17398 | TREAS | FAC | FEDERAL NATIONAL | 08/29/2016 | 9,983,088.59 | 1.250 | 08/17/2021 | 10,000,000.00 | 1,814 | 10,000,000.00 | 1.339 | 1.358 | 594 |
| 3135G0Q89 | 17406 | TREAS | FAC | FEDERAL NATIONAL | 10/07/2016 | 19,988,410.67 | 1.375 | 10/07/2021 | 20,000,000.00 | 1,826 | 20,000,000.00 | 1.390 | 1.409 | 645 |
| 3135G0Q89 | 17407 | TREAS | FAC | FEDERAL NATIONAL | 10/13/2016 | 9,979,083.61 | 1.375 | 10/07/2021 | 10,000,000.00 | 1,820 | 10,000,000.00 | 1.478 | 1.498 | 645 |
| 3135G0Q89 | 17409 | TREAS | FAC | FEDERAL NATIONAL | 10/27/2016 | 4,993,461.35 | 1.375 | 10/07/2021 | 5,000,000.00 | 1,806 | 5,000,000.00 | 1.432 | 1.452 | 645 |
| 3133EGYQ2 | 17410 | TREAS | FAC | FEDERAL FARM CREDIT | 10/27/2016 | 9,990,205.67 | 1.400 | 10/14/2021 | 10,000,000.00 | 1,813 | 10,000,000.00 | 1.437 | 1.457 | 652 |
| 24422ERH4 | 17427 | TREAS | MTN | JOHN DEERE | 12/13/2016 | 8,813,191.21 | 3.150 | 10/15/2021 | 8,707,000.00 | 1,767 | 8,707,000.00 | 2.390 | 2.423 | 653 |
| 3133EGZJ7 | 17411 | TREAS | FAC | FEDERAL FARM CREDIT | 10/27/2016 | 9,985,679.66 | 1.375 | 10/25/2021 | 10,000,000.00 | 1,824 | 10,000,000.00 | 1.437 | 1.457 | 663 |
| 3135G0S38 | 17440 | TREAS | FAC | FEDERAL NATIONAL | 01/09/2017 | 19,981,738.75 | 2.000 | 01/05/2022 | 20,000,000.00 | 1,822 | 20,000,000.00 | 2.020 | 2.048 | 735 |
| 3135G0S38 | 17441 | TREAS | FAC | FEDERAL NATIONAL | 01/09/2017 | 9,990,492.06 | 2.000 | 01/05/2022 | 10,000,000.00 | 1,822 | 10,000,000.00 | 2.022 | 2.050 | 735 |
| 3135G0S38 | 17459 | TREAS | FAC | FEDERAL NATIONAL | 03/28/2017 | 10,002,825.16 | 2.000 | 01/05/2022 | 10,000,000.00 | 1,744 | 10,000,000.00 | 1.958 | 1.985 | 735 |
| 3135G0S38 | 17480 | TREAS | FAC | FEDERAL NATIONAL | 06/02/2017 | 5,016,117.45 | 2.000 | 01/05/2022 | 5,000,000.00 | 1,678 | 5,000,000.00 | 1.807 | 1.832 | 735 |
| 3135G0S38 | 17481 | TREAS | FAC | FEDERAL NATIONAL | 06/12/2017 | 5,016,028.56 | 2.000 | 01/05/2022 | 5,000,000.00 | 1,668 | 5,000,000.00 | 1.808 | 1.833 | 735 |
| 91159HHP8 | 17483 | TREAS | MTN | US BANK NA | 06/27/2017 | 20,139,036.19 | 2.625 | 01/24/2022 | 20,000,000.00 | 1,672 | 20,000,000.00 | 2.237 | 2.268 | 754 |
| 3133EG5D3 | 17447 | TREAS | FAC | FEDERAL FARM CREDIT | 01/27/2017 | 50,000,000.00 | 2.030 | 01/27/2022 | 50,000,000.00 | 1,826 | 50,000,000.00 | 2.002 | 2.030 | 757 |
| 3136G2CS4 | 17461 | TREAS | FAC | FEDERAL NATIONAL | 03/28/2017 | 5,001,451.29 | 2.000 | 01/27/2022 | 5,000,000.00 | 1,766 | 5,000,000.00 | 1.958 | 1.985 | 757 |
| 084670BF4 | 17520 | TREAS | MTN | BERKSHIRE HATHAWAY | 12/14/2017 | 15,308,849.09 | 3.400 | 01/31/2022 | 15,000,000.00 | 1,509 | 15,000,000.00 | 2.323 | 2.355 | 761 |
| 594918BW3 | 17449 | TREAS | MTN | MICROSOFT | 02/21/2017 | 6,722,604.96 | 2.400 | 02/06/2022 | 6,725,000.00 | 1,811 | 6,725,000.00 | 2.385 | 2.418 | 767 |
| 594918BW3 | 17525 | TREAS | MTN | MICROSOFT | 12/21/2017 | 17,375,000.00 | 2.400 | 02/06/2022 | 17,375,000.00 | 1,508 | 17,375,000.00 | 2.367 | 2.400 | 767 |
| 06406RAA5 | 17469 | TREAS | MTN | BANK OF NEW YORK | 04/18/2017 | 10,034,835.47 | 2.600 | 02/07/2022 | 10,000,000.00 | 1,756 | 10,000,000.00 | 2.390 | 2.423 | 768 |
| 037833CM0 | 17448 | TREAS | MTN | APPLE INC | 02/21/2017 | 14,984,356.71 | 2.500 | 02/09/2022 | 15,000,000.00 | 1,814 | 15,000,000.00 | 2.518 | 2.553 | 770 |
| 037833AY6 | 17470 | TREAS | MTN | APPLE INC | 04/18/2017 | 9,990,993.64 | 2.150 | 02/09/2022 | 10,000,000.00 | 1,758 | 10,000,000.00 | 2.165 | 2.195 | 770 |

**County of Fresno**
**Inventory by Maturity Report**

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 594918BA1 | 17450 | TREAS | MTN | MICROSOFT | 02/21/2017 | 6,444,496.84 | 2.375 | 02/12/2022 | 6,450,000.00 | 1,817 | 6,450,000.00 | 2.385 | 2.418 | 773 |
| 13063DAD0 | 17472 | TREAS | MUN | STATE OF CALIFORNIA | 04/27/2017 | 5,000,000.00 | 2.367 | 04/01/2022 | 5,000,000.00 | 1,800 | 5,000,000.00 | 2.335 | 2.367 | 821 |
| 13063DAD0 | 17473 | TREAS | MUN | STATE OF CALIFORNIA | 04/27/2017 | 10,526,176.61 | 2.367 | 04/01/2022 | 10,500,000.00 | 1,800 | 10,500,000.00 | 2.219 | 2.249 | 821 |
| 13063DAD0 | 17474 | TREAS | MUN | STATE OF CALIFORNIA | 05/03/2017 | 8,013,671.04 | 2.367 | 04/01/2022 | 8,000,000.00 | 1,794 | 8,000,000.00 | 2.255 | 2.286 | 821 |
| 037833CQ1 | 17475 | TREAS | MTN | APPLE INC | 05/11/2017 | 19,977,333.33 | 2.300 | 05/11/2022 | 20,000,000.00 | 1,826 | 20,000,000.00 | 2.319 | 2.351 | 861 |
| 3133EHJT1 | 17479 | TREAS | FAC | FEDERAL FARM CREDIT | 05/18/2017 | 4,997,286.17 | 2.000 | 05/18/2022 | 5,000,000.00 | 1,826 | 5,000,000.00 | 1.996 | 2.024 | 868 |
| 3130ACUZ5 | 17513 | TREAS | FAC | FEDERAL HOME LOAN | 11/24/2017 | 22,988,482.68 | 2.060 | 05/24/2022 | 23,000,000.00 | 1,642 | 23,000,000.00 | 2.053 | 2.082 | 874 |
| 3130ACXH2 | 17567 | TREAS | FAC | FEDERAL HOME LOAN | 12/04/2017 | 24,954,909.50 | 2.020 | 05/25/2022 | 25,000,000.00 | 1,633 | 25,000,000.00 | 2.070 | 2.099 | 875 |
| 912828XR6 | 17497 | TREAS | TRC | US TREASURY NOTE | 09/27/2017 | 19,958,066.05 | 1.750 | 05/31/2022 | 20,000,000.00 | 1,707 | 20,000,000.00 | 1.816 | 1.841 | 881 |
| 313379Q69 | 17485 | TREAS | FAC | FEDERAL HOME LOAN | 06/28/2017 | 5,027,006.31 | 2.125 | 06/10/2022 | 5,000,000.00 | 1,808 | 5,000,000.00 | 1.866 | 1.892 | 891 |
| 313379Q69 | 17486 | TREAS | FAC | FEDERAL HOME LOAN | 06/28/2017 | 5,027,030.98 | 2.125 | 06/10/2022 | 5,000,000.00 | 1,808 | 5,000,000.00 | 1.866 | 1.892 | 891 |
| 313379Q69 | 17487 | TREAS | FAC | FEDERAL HOME LOAN | 06/28/2017 | 3,841,000.26 | 2.125 | 06/10/2022 | 3,820,000.00 | 1,808 | 3,820,000.00 | 1.862 | 1.888 | 891 |
| 313379Q69 | 17488 | TREAS | FAC | FEDERAL HOME LOAN | 07/07/2017 | 13,507,997.94 | 2.125 | 06/10/2022 | 13,470,000.00 | 1,799 | 13,470,000.00 | 1.976 | 2.003 | 891 |
| 313379Q69 | 17498 | TREAS | FAC | FEDERAL HOME LOAN | 09/27/2017 | 20,113,911.75 | 2.125 | 06/10/2022 | 20,000,000.00 | 1,717 | 20,000,000.00 | 1.854 | 1.880 | 891 |
| 313379Q69 | 17516 | TREAS | FAC | FEDERAL HOME LOAN | 12/01/2017 | 1,999,626.60 | 2.125 | 06/10/2022 | 2,000,000.00 | 1,652 | 2,000,000.00 | 2.104 | 2.133 | 891 |
| 313379Q69 | 17527 | TREAS | FAC | FEDERAL HOME LOAN | 12/20/2017 | 1,895,485.54 | 2.125 | 06/10/2022 | 1,900,000.00 | 1,633 | 1,900,000.00 | 2.197 | 2.228 | 891 |
| 3130A5P45 | 17528 | TREAS | FAC | FEDERAL HOME LOAN | 12/20/2017 | 1,931,550.75 | 2.375 | 06/10/2022 | 1,925,000.00 | 1,633 | 1,925,000.00 | 2.197 | 2.228 | 891 |
| 3133EEY20 | 17495 | TREAS | FAC | FEDERAL FARM CREDIT | 09/21/2017 | 10,110,516.30 | 2.400 | 06/17/2022 | 10,000,000.00 | 1,730 | 10,000,000.00 | 1.901 | 1.928 | 898 |
| 3130ACM27 | 17502 | TREAS | FAC | FEDERAL HOME LOAN | 10/12/2017 | 14,991,853.13 | 1.950 | 07/11/2022 | 15,000,000.00 | 1,733 | 15,000,000.00 | 1.946 | 1.973 | 922 |
| 3130ACM27 | 17509 | TREAS | FAC | FEDERAL HOME LOAN | 10/19/2017 | 4,449,164.26 | 1.950 | 07/11/2022 | 4,455,000.00 | 1,726 | 4,455,000.00 | 1.977 | 2.005 | 922 |
| 91159JAA4 | 17529 | TREAS | MTN | US BANK NA | 12/21/2017 | 10,084,424.13 | 2.950 | 07/15/2022 | 10,004,000.00 | 1,667 | 10,004,000.00 | 2.570 | 2.606 | 926 |
| 3130ACKC7 | 17500 | TREAS | FAC | FEDERAL HOME LOAN | 10/18/2017 | 50,000,000.00 | 1.950 | 07/18/2022 | 50,000,000.00 | 1,734 | 50,000,000.00 | 1.924 | 1.950 | 929 |
| 95000U2B8 | 17508 | TREAS | MTN | WELLS FARGO | 10/20/2017 | 4,998,762.68 | 2.625 | 07/22/2022 | 5,000,000.00 | 1,736 | 5,000,000.00 | 2.599 | 2.635 | 933 |
| 3130ACYP3 | 17515 | TREAS | FAC | FEDERAL HOME LOAN | 12/05/2017 | 19,989,942.49 | 2.100 | 07/27/2022 | 20,000,000.00 | 1,695 | 20,000,000.00 | 2.092 | 2.121 | 938 |
| 3130ACUV4 | 17512 | TREAS | FAC | FEDERAL HOME LOAN | 11/30/2017 | 50,000,000.00 | 2.070 | 07/29/2022 | 50,000,000.00 | 1,702 | 50,000,000.00 | 2.042 | 2.070 | 940 |
| 3130ACUV4 | 17517 | TREAS | FAC | FEDERAL HOME LOAN | 12/06/2017 | 8,869,545.33 | 2.070 | 07/29/2022 | 8,890,000.00 | 1,696 | 8,890,000.00 | 2.135 | 2.165 | 940 |
| 3130AC5A8 | 17494 | TREAS | FAC | FEDERAL HOME LOAN | 09/19/2017 | 9,988,379.07 | 1.850 | 08/15/2022 | 10,000,000.00 | 1,791 | 10,000,000.00 | 1.870 | 1.896 | 957 |
| 3130AC5A8 | 17496 | TREAS | FAC | FEDERAL HOME LOAN | 09/27/2017 | 9,262,439.50 | 1.850 | 08/15/2022 | 9,280,000.00 | 1,783 | 9,280,000.00 | 1.899 | 1.926 | 957 |
| 3133EHVS9 | 17499 | TREAS | FAC | FEDERAL FARM CREDIT | 09/28/2017 | 5,481,755.58 | 1.840 | 08/23/2022 | 5,500,000.00 | 1,790 | 5,500,000.00 | 1.945 | 1.972 | 965 |
| 912828L24 | 17510 | TREAS | TRC | US TREASURY NOTE | 10/23/2017 | 19,930,544.10 | 1.875 | 08/31/2022 | 20,000,000.00 | 1,773 | 20,000,000.00 | 1.985 | 2.012 | 973 |
| 13063DDF2 | 17504 | TREAS | MUN | STATE OF CALIFORNIA | 10/26/2017 | 10,077,694.08 | 2.500 | 10/01/2022 | 10,000,000.00 | 1,801 | 10,000,000.00 | 2.170 | 2.200 | 1,004 |
| 13063DDF2 | 17505 | TREAS | MUN | STATE OF CALIFORNIA | 10/26/2017 | 10,077,694.08 | 2.500 | 10/01/2022 | 10,000,000.00 | 1,801 | 10,000,000.00 | 2.170 | 2.200 | 1,004 |
| 13063DDF2 | 17519 | TREAS | MUN | STATE OF CALIFORNIA | 12/14/2017 | 20,035,770.70 | 2.500 | 10/01/2022 | 20,000,000.00 | 1,752 | 20,000,000.00 | 2.397 | 2.430 | 1,004 |
| 13063DDF2 | 17532 | TREAS | MUN | STATE OF CALIFORNIA | 01/16/2018 | 4,990,392.04 | 2.500 | 10/01/2022 | 5,000,000.00 | 1,719 | 5,000,000.00 | 2.539 | 2.574 | 1,004 |
| 3135G0T78 | 17501 | TREAS | FAC | FEDERAL NATIONAL | 10/10/2017 | 19,987,905.87 | 2.000 | 10/05/2022 | 20,000,000.00 | 1,821 | 20,000,000.00 | 1.995 | 2.023 | 1,008 |
| 3135G0T78 | 17531 | TREAS | FAC | FEDERAL NATIONAL | 01/11/2018 | 4,950,749.17 | 2.000 | 10/05/2022 | 5,000,000.00 | 1,728 | 5,000,000.00 | 2.346 | 2.379 | 1,008 |
| 24422EUA5 | 17637 | TREAS | MTN | JOHN DEERE | 06/06/2019 | 10,038,858.14 | 2.700 | 01/06/2023 | 10,000,000.00 | 1,310 | 10,000,000.00 | 2.529 | 2.564 | 1,101 |
| 24422EUA5 | 17638 | TREAS | MTN | JOHN DEERE | 06/06/2019 | 5,019,639.34 | 2.700 | 01/06/2023 | 5,000,000.00 | 1,310 | 5,000,000.00 | 2.527 | 2.562 | 1,101 |
| 89233P7F7 | 17538 | TREAS | MTN | TOYOTA MOTOR CREDIT | 03/01/2018 | 4,940,108.11 | 2.625 | 01/10/2023 | 5,000,000.00 | 1,776 | 5,000,000.00 | 3.012 | 3.054 | 1,105 |
| 89236TEL5 | 17539 | TREAS | MTN | TOYOTA MOTOR CREDIT | 03/01/2018 | 4,950,532.69 | 2.700 | 01/11/2023 | 5,000,000.00 | 1,777 | 5,000,000.00 | 3.012 | 3.054 | 1,106 |
| 89236TEL5 | 17542 | TREAS | MTN | TOYOTA MOTOR CREDIT | 04/02/2018 | 19,757,397.32 | 2.700 | 01/11/2023 | 20,000,000.00 | 1,745 | 20,000,000.00 | 3.091 | 3.134 | 1,106 |

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 037833DE7 | 17541 | TREAS | MTN | APPLE INC | 03/01/2018 | 2,453,727.12 | 2.400 | 01/13/2023 | 2,500,000.00 | 1,779 | 2,500,000.00 | 3.018 | 3.060 | 1,108 |
| 3133EH7F4 | 17557 | TREAS | FAC | FEDERAL FARM CREDIT | 04/19/2018 | 19,617,155.91 | 2.350 | 01/17/2023 | 19,869,000.00 | 1,734 | 19,869,000.00 | 2.759 | 2.797 | 1,112 |
| 3135G0T94 | 17533 | TREAS | FAC | FEDERAL NATIONAL | 01/23/2018 | 39,854,129.84 | 2.375 | 01/19/2023 | 40,000,000.00 | 1,822 | 40,000,000.00 | 2.469 | 2.503 | 1,114 |
| 90331HNL3 | 17534 | TREAS | MTN | US BANK NA | 01/24/2018 | 9,988,667.59 | 2.850 | 01/23/2023 | 10,000,000.00 | 1,825 | 10,000,000.00 | 2.850 | 2.890 | 1,118 |
| 90331HNL3 | 17537 | TREAS | MTN | US BANK NA | 03/01/2018 | 4,959,985.27 | 2.850 | 01/23/2023 | 5,000,000.00 | 1,789 | 5,000,000.00 | 3.091 | 3.134 | 1,118 |
| 90331HNL3 | 17556 | TREAS | MTN | US BANK NA | 04/20/2018 | 9,911,228.85 | 2.850 | 01/23/2023 | 10,000,000.00 | 1,739 | 10,000,000.00 | 3.121 | 3.164 | 1,118 |
| 46625HJH4 | 17559 | TREAS | MTN | JP MORGAN | 04/26/2018 | 9,900,711.06 | 3.200 | 01/25/2023 | 10,000,000.00 | 1,735 | 10,000,000.00 | 3.505 | 3.554 | 1,120 |
| 24422ERT8 | 17635 | TREAS | MTN | JOHN DEERE | 05/28/2019 | 11,172,024.81 | 2.800 | 01/27/2023 | 11,125,000.00 | 1,340 | 11,125,000.00 | 2.618 | 2.654 | 1,122 |
| 3133EJBP3 | 17535 | TREAS | FAC | FEDERAL FARM CREDIT | 02/07/2018 | 9,973,342.19 | 2.500 | 02/02/2023 | 10,000,000.00 | 1,821 | 10,000,000.00 | 2.557 | 2.593 | 1,128 |
| 3133EJBP3 | 17536 | TREAS | FAC | FEDERAL FARM CREDIT | 02/28/2018 | 50,795,114.63 | 2.500 | 02/02/2023 | 51,180,000.00 | 1,800 | 51,180,000.00 | 2.724 | 2.762 | 1,128 |
| 037833BU3 | 17540 | TREAS | MTN | APPLE INC | 03/01/2018 | 9,938,093.75 | 2.850 | 02/23/2023 | 10,000,000.00 | 1,820 | 10,000,000.00 | 3.022 | 3.064 | 1,149 |
| 594918AT1 | 17580 | TREAS | MTN | MICROSOFT | 06/22/2018 | 9,758,339.62 | 2.375 | 05/01/2023 | 10,000,000.00 | 1,774 | 10,000,000.00 | 3.119 | 3.162 | 1,216 |
| 037833AK6 | 17563 | TREAS | MTN | APPLE INC | 05/03/2018 | 4,865,643.11 | 2.400 | 05/03/2023 | 5,000,000.00 | 1,826 | 5,000,000.00 | 3.234 | 3.279 | 1,218 |
| 037833AK6 | 17564 | TREAS | MTN | APPLE INC | 05/03/2018 | 4,865,509.56 | 2.400 | 05/03/2023 | 5,000,000.00 | 1,826 | 5,000,000.00 | 3.235 | 3.280 | 1,218 |
| 037833AK6 | 17581 | TREAS | MTN | APPLE INC | 06/22/2018 | 9,740,516.28 | 2.400 | 05/03/2023 | 10,000,000.00 | 1,776 | 10,000,000.00 | 3.202 | 3.246 | 1,218 |
| 166764BK5 | 17571 | TREAS | MTN | CHEVRON CORP | 06/08/2018 | 9,769,252.50 | 2.566 | 05/16/2023 | 10,000,000.00 | 1,803 | 10,000,000.00 | 3.267 | 3.313 | 1,231 |
| 166764BK5 | 17579 | TREAS | MTN | CHEVRON CORP | 06/22/2018 | 4,892,148.09 | 2.566 | 05/16/2023 | 5,000,000.00 | 1,789 | 5,000,000.00 | 3.217 | 3.262 | 1,231 |
| 166764BK5 | 17585 | TREAS | MTN | CHEVRON CORP | 07/25/2018 | 6,148,001.00 | 2.566 | 05/16/2023 | 6,288,000.00 | 1,756 | 6,288,000.00 | 3.239 | 3.284 | 1,231 |
| 166764BK5 | 17626 | TREAS | MTN | CHEVRON CORP | 03/04/2019 | 7,888,864.94 | 2.566 | 05/16/2023 | 7,966,000.00 | 1,534 | 7,966,000.00 | 2.833 | 2.872 | 1,231 |
| 3130AEEW6 | 17572 | TREAS | FAC | FEDERAL HOME LOAN | 06/07/2018 | 21,061,480.54 | 2.760 | 05/30/2023 | 21,150,000.00 | 1,818 | 21,150,000.00 | 2.853 | 2.893 | 1,245 |
| 3130AEAP5 | 17576 | TREAS | FAC | FEDERAL HOME LOAN | 05/30/2018 | 49,982,623.31 | 2.875 | 05/30/2023 | 50,000,000.00 | 1,826 | 50,000,000.00 | 2.846 | 2.886 | 1,245 |
| 931142EK5 | 17604 | TREAS | MTN | WALMART | 11/13/2018 | 9,964,078.17 | 3.400 | 06/26/2023 | 10,000,000.00 | 1,686 | 10,000,000.00 | 3.464 | 3.512 | 1,272 |
| 46632FPH2 | 17590 | TREAS | MTN | JP MORGAN | 08/14/2018 | 30,000,000.00 | 3.450 | 07/14/2023 | 30,000,000.00 | 1,795 | 30,000,000.00 | 3.403 | 3.450 | 1,290 |
| 3133EJUS6 | 17584 | TREAS | FAC | FEDERAL FARM CREDIT | 07/17/2018 | 19,998,156.89 | 2.875 | 07/17/2023 | 20,000,000.00 | 1,826 | 20,000,000.00 | 2.838 | 2.878 | 1,293 |
| 3133EJUS6 | 17589 | TREAS | FAC | FEDERAL FARM CREDIT | 07/25/2018 | 29,931,429.24 | 2.875 | 07/17/2023 | 30,000,000.00 | 1,818 | 30,000,000.00 | 2.904 | 2.945 | 1,293 |
| 3133EJUS6 | 17593 | TREAS | FAC | FEDERAL FARM CREDIT | 09/19/2018 | 9,949,356.46 | 2.875 | 07/17/2023 | 10,000,000.00 | 1,762 | 10,000,000.00 | 2.988 | 3.029 | 1,293 |
| 3133EJUS6 | 17607 | TREAS | FAC | FEDERAL FARM CREDIT | 12/20/2018 | 2,919,730.42 | 2.875 | 07/17/2023 | 2,910,000.00 | 1,670 | 2,910,000.00 | 2.736 | 2.774 | 1,293 |
| 3133EJUS6 | 17615 | TREAS | FAC | FEDERAL FARM CREDIT | 01/18/2019 | 20,130,043.24 | 2.875 | 07/17/2023 | 20,000,000.00 | 1,641 | 20,000,000.00 | 2.642 | 2.679 | 1,293 |
| 90331HNV1 | 17586 | TREAS | MTN | US BANK NA | 07/25/2018 | 9,990,871.37 | 3.400 | 07/24/2023 | 10,000,000.00 | 1,825 | 10,000,000.00 | 3.381 | 3.428 | 1,300 |
| 90331HNV1 | 17587 | TREAS | MTN | US BANK NA | 07/25/2018 | 1,497,855.13 | 3.400 | 07/24/2023 | 1,500,000.00 | 1,825 | 1,500,000.00 | 3.397 | 3.444 | 1,300 |
| 90331HNV1 | 17588 | TREAS | MTN | US BANK NA | 07/25/2018 | 1,248,573.65 | 3.400 | 07/24/2023 | 1,250,000.00 | 1,825 | 1,250,000.00 | 3.388 | 3.435 | 1,300 |
| 3133EJK57 | 17606 | TREAS | FAC | FEDERAL FARM CREDIT | 12/20/2018 | 17,172,364.92 | 3.080 | 07/24/2023 | 17,000,000.00 | 1,677 | 17,000,000.00 | 2.737 | 2.775 | 1,300 |
| 3130AFBD8 | 17608 | TREAS | FAC | FEDERAL HOME LOAN | 12/20/2018 | 12,646,176.22 | 3.125 | 07/25/2023 | 12,500,000.00 | 1,678 | 12,500,000.00 | 2.736 | 2.774 | 1,301 |
| 3133EJ4G1 | 17610 | TREAS | FAC | FEDERAL FARM CREDIT | 12/28/2018 | 64,962,887.60 | 2.770 | 07/28/2023 | 65,000,000.00 | 1,673 | 65,000,000.00 | 2.749 | 2.787 | 1,304 |
| 911759MW5 | 17630 | TREAS | TRC | US HOUSING AND URBAN | 03/28/2019 | 3,500,000.00 | 2.618 | 08/01/2023 | 3,500,000.00 | 1,587 | 3,500,000.00 | 2.583 | 2.618 | 1,308 |
| 594918BQ6 | 17616 | TREAS | MTN | MICROSOFT | 02/07/2019 | 2,809,187.16 | 2.000 | 08/08/2023 | 2,880,000.00 | 1,643 | 2,880,000.00 | 2.693 | 2.730 | 1,315 |
| 594918BQ6 | 17617 | TREAS | MTN | MICROSOFT | 02/11/2019 | 19,530,609.52 | 2.000 | 08/08/2023 | 20,000,000.00 | 1,639 | 20,000,000.00 | 2.659 | 2.696 | 1,315 |
| 594918BQ6 | 17624 | TREAS | MTN | MICROSOFT | 03/04/2019 | 9,752,154.20 | 2.000 | 08/08/2023 | 10,000,000.00 | 1,618 | 10,000,000.00 | 2.698 | 2.735 | 1,315 |
| 594918BQ6 | 17625 | TREAS | MTN | MICROSOFT | 03/04/2019 | 4,876,223.56 | 2.000 | 08/08/2023 | 5,000,000.00 | 1,618 | 5,000,000.00 | 2.697 | 2.734 | 1,315 |
| 94988J5R4 | 17591 | TREAS | MTN | WELLS FARGO | 08/14/2018 | 9,988,200.61 | 3.550 | 08/14/2023 | 10,000,000.00 | 1,826 | 10,000,000.00 | 3.537 | 3.586 | 1,321 |
| 94988J5R4 | 17602 | TREAS | MTN | WELLS FARGO | 11/13/2018 | 9,907,860.92 | 3.550 | 08/14/2023 | 10,000,000.00 | 1,735 | 10,000,000.00 | 3.778 | 3.830 | 1,321 |

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3130AFRW9 | 17621 | TREAS | FAC | FEDERAL HOME LOAN | 02/28/2019 | 20,086,515.52 | 2.700 | 08/28/2023 | 20,000,000.00 | 1,642 | 20,000,000.00 | 2.539 | 2.574 | 1,335 |
| 3130AFRW9 | 17623 | TREAS | FAC | FEDERAL HOME LOAN | 03/01/2019 | 20,064,750.46 | 2.700 | 08/28/2023 | 20,000,000.00 | 1,641 | 20,000,000.00 | 2.570 | 2.606 | 1,335 |
| 3135G0U43 | 17631 | TREAS | FAC | FEDERAL NATIONAL | 03/27/2019 | 20,440,930.03 | 2.875 | 09/12/2023 | 20,000,000.00 | 1,630 | 20,000,000.00 | 2.214 | 2.245 | 1,350 |
| 89236TDK8 | 17628 | TREAS | MTN | TOYOTA MOTOR CREDIT | 03/07/2019 | 2,914,207.38 | 2.250 | 10/18/2023 | 3,000,000.00 | 1,686 | 3,000,000.00 | 3.021 | 3.063 | 1,386 |
| 89236TDK8 | 17636 | TREAS | MTN | TOYOTA MOTOR CREDIT | 05/30/2019 | 4,932,745.85 | 2.250 | 10/18/2023 | 5,000,000.00 | 1,602 | 5,000,000.00 | 2.591 | 2.627 | 1,386 |
| 3133EJ5W5 | 17618 | TREAS | FAC | FEDERAL FARM CREDIT | 02/26/2019 | 2,952,069.14 | 2.650 | 10/23/2023 | 2,945,000.00 | 1,700 | 2,945,000.00 | 2.548 | 2.583 | 1,391 |
| 3130AFQL4 | 17614 | TREAS | FAC | FEDERAL HOME LOAN | 01/18/2019 | 9,979,163.89 | 2.640 | 10/27/2023 | 10,000,000.00 | 1,743 | 10,000,000.00 | 2.662 | 2.699 | 1,395 |
| 3130AFQL4 | 17619 | TREAS | FAC | FEDERAL HOME LOAN | 02/26/2019 | 4,915,037.60 | 2.640 | 10/27/2023 | 4,905,000.00 | 1,704 | 4,905,000.00 | 2.548 | 2.583 | 1,395 |
| 3130A0F70 | 17613 | TREAS | FAC | FEDERAL HOME LOAN | 01/18/2019 | 10,236,059.32 | 3.375 | 12/08/2023 | 10,000,000.00 | 1,785 | 10,000,000.00 | 2.692 | 2.730 | 1,437 |
| 3130A0F70 | 17632 | TREAS | FAC | FEDERAL HOME LOAN | 04/04/2019 | 11,615,372.85 | 3.375 | 12/08/2023 | 11,200,000.00 | 1,709 | 11,200,000.00 | 2.341 | 2.373 | 1,437 |
| 89236TFS9 | 17612 | TREAS | MTN | TOYOTA MOTOR CREDIT | 01/09/2019 | 12,195,216.69 | 3.350 | 01/08/2024 | 12,250,000.00 | 1,825 | 12,250,000.00 | 3.425 | 3.472 | 1,468 |
| 24422EUR8 | 17665 | TREAS | MTN | JOHN DEERE | 11/26/2019 | 5,339,099.92 | 3.450 | 01/10/2024 | 5,000,000.00 | 1,506 | 5,000,000.00 | 1.996 | 2.024 | 1,470 |
| 24422EUR8 | 17672 | TREAS | MTN | JOHN DEERE | 12/12/2019 | 3,535,232.99 | 3.450 | 01/10/2024 | 3,306,000.00 | 1,490 | 3,306,000.00 | 1.997 | 2.025 | 1,470 |
| 24422EUR8 | 17678 | TREAS | MTN | JOHN DEERE | 12/27/2019 | 6,856,378.73 | 3.450 | 01/10/2024 | 6,413,000.00 | 1,475 | 6,413,000.00 | 2.039 | 2.067 | 1,470 |
| 46632FPT6 | 17627 | TREAS | MTN | JP MORGAN | 03/06/2019 | 30,000,000.00 | 3.050 | 01/26/2024 | 30,000,000.00 | 1,787 | 30,000,000.00 | 3.009 | 3.050 | 1,486 |
| 3130AGA88 | 17633 | TREAS | FAC | FEDERAL HOME LOAN | 04/05/2019 | 49,968,040.95 | 2.320 | 01/29/2024 | 50,000,000.00 | 1,760 | 50,000,000.00 | 2.305 | 2.337 | 1,489 |
| 594918BX1 | 17629 | TREAS | MTN | MICROSOFT | 03/07/2019 | 10,000,000.00 | 2.875 | 02/06/2024 | 10,000,000.00 | 1,797 | 10,000,000.00 | 2.835 | 2.875 | 1,497 |
| 3133EKBW5 | 17620 | TREAS | FAC | FEDERAL FARM CREDIT | 02/28/2019 | 20,015,334.21 | 2.610 | 02/27/2024 | 20,000,000.00 | 1,825 | 20,000,000.00 | 2.555 | 2.590 | 1,518 |
| 3133EKBW5 | 17622 | TREAS | FAC | FEDERAL FARM CREDIT | 03/01/2019 | 19,986,672.61 | 2.610 | 02/27/2024 | 20,000,000.00 | 1,824 | 20,000,000.00 | 2.591 | 2.627 | 1,518 |
| 3133ELCS1 | 17666 | TREAS | FAC | FEDERAL FARM CREDIT | 12/11/2019 | 19,939,600.00 | 1.550 | 03/11/2024 | 20,000,000.00 | 1,552 | 20,000,000.00 | 1.603 | 1.625 | 1,531 |
| 3133ELCS1 | 17667 | TREAS | FAC | FEDERAL FARM CREDIT | 12/11/2019 | 24,921,045.75 | 1.550 | 03/11/2024 | 25,000,000.00 | 1,552 | 25,000,000.00 | 1.606 | 1.628 | 1,531 |
| 46632FPX7 | 17634 | TREAS | MTN | JP MORGAN | 05/15/2019 | 40,000,000.00 | 2.775 | 05/15/2024 | 40,000,000.00 | 1,827 | 40,000,000.00 | 2.737 | 2.775 | 1,596 |
| 3133ELEM2 | 17674 | TREAS | FAC | FEDERAL FARM CREDIT | 12/17/2019 | 25,000,000.00 | 1.700 | 05/17/2024 | 25,000,000.00 | 1,613 | 25,000,000.00 | 1.677 | 1.700 | 1,598 |
| 912828XT2 | 17677 | TREAS | TRC | US TREASURY NOTE | 12/18/2019 | 20,264,421.51 | 2.000 | 05/31/2024 | 20,000,000.00 | 1,626 | 20,000,000.00 | 1.688 | 1.711 | 1,612 |
| 24422ETT6 | 17650 | TREAS | MTN | JOHN DEERE | 09/19/2019 | 7,182,455.27 | 2.650 | 06/24/2024 | 7,059,000.00 | 1,740 | 7,059,000.00 | 2.205 | 2.236 | 1,636 |
| 3135G0V75 | 17652 | TREAS | FAC | FEDERAL NATIONAL | 09/26/2019 | 35,312,600.60 | 1.750 | 07/02/2024 | 35,000,000.00 | 1,741 | 35,000,000.00 | 1.608 | 1.631 | 1,644 |
| 3135G0V75 | 17656 | TREAS | FAC | FEDERAL NATIONAL | 10/16/2019 | 10,095,427.81 | 1.750 | 07/02/2024 | 10,000,000.00 | 1,721 | 10,000,000.00 | 1.617 | 1.639 | 1,644 |
| 3135G0V75 | 17659 | TREAS | FAC | FEDERAL NATIONAL | 10/23/2019 | 10,086,196.93 | 1.750 | 07/02/2024 | 10,000,000.00 | 1,714 | 10,000,000.00 | 1.645 | 1.668 | 1,644 |
| 3135G0V75 | 17660 | TREAS | FAC | FEDERAL NATIONAL | 10/28/2019 | 8,702,502.79 | 1.750 | 07/02/2024 | 8,632,000.00 | 1,709 | 8,632,000.00 | 1.661 | 1.684 | 1,644 |
| 3135G0V75 | 17661 | TREAS | FAC | FEDERAL NATIONAL | 11/05/2019 | 23,220,184.99 | 1.750 | 07/02/2024 | 23,000,000.00 | 1,701 | 23,000,000.00 | 1.637 | 1.660 | 1,644 |
| 3135G0V75 | 17663 | TREAS | FAC | FEDERAL NATIONAL | 11/08/2019 | 25,054,567.35 | 1.750 | 07/02/2024 | 25,000,000.00 | 1,698 | 25,000,000.00 | 1.810 | 1.835 | 1,644 |
| 3135G0V75 | 17668 | TREAS | FAC | FEDERAL NATIONAL | 12/06/2019 | 25,262,831.49 | 1.750 | 07/02/2024 | 25,000,000.00 | 1,670 | 25,000,000.00 | 1.650 | 1.673 | 1,644 |
| 3135G0V75 | 17669 | TREAS | FAC | FEDERAL NATIONAL | 12/06/2019 | 15,160,963.55 | 1.750 | 07/02/2024 | 15,000,000.00 | 1,670 | 15,000,000.00 | 1.645 | 1.668 | 1,644 |
| 3135G0V75 | 17670 | TREAS | FAC | FEDERAL NATIONAL | 12/09/2019 | 15,132,154.90 | 1.750 | 07/02/2024 | 15,000,000.00 | 1,667 | 15,000,000.00 | 1.692 | 1.716 | 1,644 |
| 3135G0V75 | 17671 | TREAS | FAC | FEDERAL NATIONAL | 12/09/2019 | 25,221,984.72 | 1.750 | 07/02/2024 | 25,000,000.00 | 1,667 | 25,000,000.00 | 1.691 | 1.714 | 1,644 |
| 3135G0V75 | 17673 | TREAS | FAC | FEDERAL NATIONAL | 12/12/2019 | 25,219,523.36 | 1.750 | 07/02/2024 | 25,000,000.00 | 1,664 | 25,000,000.00 | 1.696 | 1.720 | 1,644 |
| 3135G0V75 | 17675 | TREAS | FAC | FEDERAL NATIONAL | 12/13/2019 | 20,134,078.94 | 1.750 | 07/02/2024 | 20,000,000.00 | 1,663 | 20,000,000.00 | 1.745 | 1.769 | 1,644 |
| 742651DP4 | 17643 | TREAS | FAC | PRIVATE EXPORT | 07/15/2019 | 10,192,993.56 | 2.450 | 07/15/2024 | 10,000,000.00 | 1,827 | 10,000,000.00 | 1.974 | 2.001 | 1,657 |
| 742651DP4 | 17644 | TREAS | FAC | PRIVATE EXPORT | 07/15/2019 | 10,189,099.19 | 2.450 | 07/15/2024 | 10,000,000.00 | 1,827 | 10,000,000.00 | 1.982 | 2.010 | 1,657 |
| 3133EKHV1 | 17655 | TREAS | FAC | FEDERAL FARM CREDIT | 10/16/2019 | 2,385,542.58 | 2.450 | 07/22/2024 | 2,292,000.00 | 1,741 | 2,292,000.00 | 1.623 | 1.646 | 1,664 |
| 3133EKWV4 | 17647 | TREAS | FAC | FEDERAL FARM CREDIT | 08/28/2019 | 5,044,140.89 | 1.850 | 07/26/2024 | 4,950,000.00 | 1,794 | 4,950,000.00 | 1.435 | 1.455 | 1,668 |

| CUSIP | Investment # | Fund | Sec. Type | Issuer | Purchase Date | Book Value | Current Rate | Maturity Date | Maturity Amount | Total Days | Par Value | YTM 360 | YTM 365 | Days to Maturity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3133EKWV4 | 17648 | TREAS | FAC | FEDERAL FARM CREDIT | 08/28/2019 | 15,278,827.54 | 1.850 | 07/26/2024 | 15,000,000.00 | 1,794 | 15,000,000.00 | 1.444 | 1.464 | 1,668 |
| 3133EKWV4 | 17649 | TREAS | FAC | FEDERAL FARM CREDIT | 09/13/2019 | 18,097,670.29 | 1.850 | 07/26/2024 | 17,941,000.00 | 1,778 | 17,941,000.00 | 1.682 | 1.705 | 1,668 |
| 89236TGM1 | 17653 | TREAS | MTN | TOYOTA MOTOR CREDIT | 10/15/2019 | 30,000,000.00 | 1.875 | 07/31/2024 | 30,000,000.00 | 1,751 | 30,000,000.00 | 1.850 | 1.875 | 1,673 |
| 3133X8EW8 | 17651 | TREAS | FAC | FEDERAL HOME LOAN | 09/26/2019 | 4,401,958.34 | 5.375 | 08/15/2024 | 3,760,000.00 | 1,785 | 3,760,000.00 | 1.630 | 1.653 | 1,688 |
| 3130AGWK7 | 17658 | TREAS | FAC | FEDERAL HOME LOAN | 10/23/2019 | 9,956,014.96 | 1.500 | 08/15/2024 | 10,000,000.00 | 1,758 | 10,000,000.00 | 1.640 | 1.662 | 1,688 |
| 3130AGWK7 | 17662 | TREAS | FAC | FEDERAL HOME LOAN | 11/05/2019 | 12,457,498.39 | 1.500 | 08/15/2024 | 12,500,000.00 | 1,745 | 12,500,000.00 | 1.628 | 1.651 | 1,688 |
| 3130AGWK7 | 17676 | TREAS | FAC | FEDERAL HOME LOAN | 12/18/2019 | 9,948,631.78 | 1.500 | 08/15/2024 | 10,000,000.00 | 1,702 | 10,000,000.00 | 1.707 | 1.731 | 1,688 |
| 3130A2UW4 | 17654 | TREAS | FAC | FEDERAL HOME LOAN | 10/15/2019 | 10,567,895.15 | 2.875 | 09/13/2024 | 10,000,000.00 | 1,795 | 10,000,000.00 | 1.645 | 1.668 | 1,717 |
| 13063DRK6 | 17657 | TREAS | MUN | STATE OF CALIFORNIA | 10/24/2019 | 51,105,196.96 | 2.400 | 10/01/2024 | 50,000,000.00 | 1,804 | 50,000,000.00 | 1.884 | 1.910 | 1,735 |
| 89236TGL3 | 17664 | TREAS | MTN | TOYOTA MOTOR CREDIT | 11/12/2019 | 9,995,916.28 | 2.000 | 10/07/2024 | 10,000,000.00 | 1,791 | 10,000,000.00 | 2.024 | 2.052 | 1,741 |
| | | | | | **Subtotal and Average** | **3,468,877,485.15** | | | **3,465,729,375.00** | | **3,464,441,000.00** | **2.083** | **2.112** | **906** |
| | | | | | **Net Maturities and Average** | **3,468,877,485.15** | | | **3,465,729,375.00** | | **3,464,441,000.00** | **2.083** | **2.112** | **906** |

# Quarterly Economic and Market Update

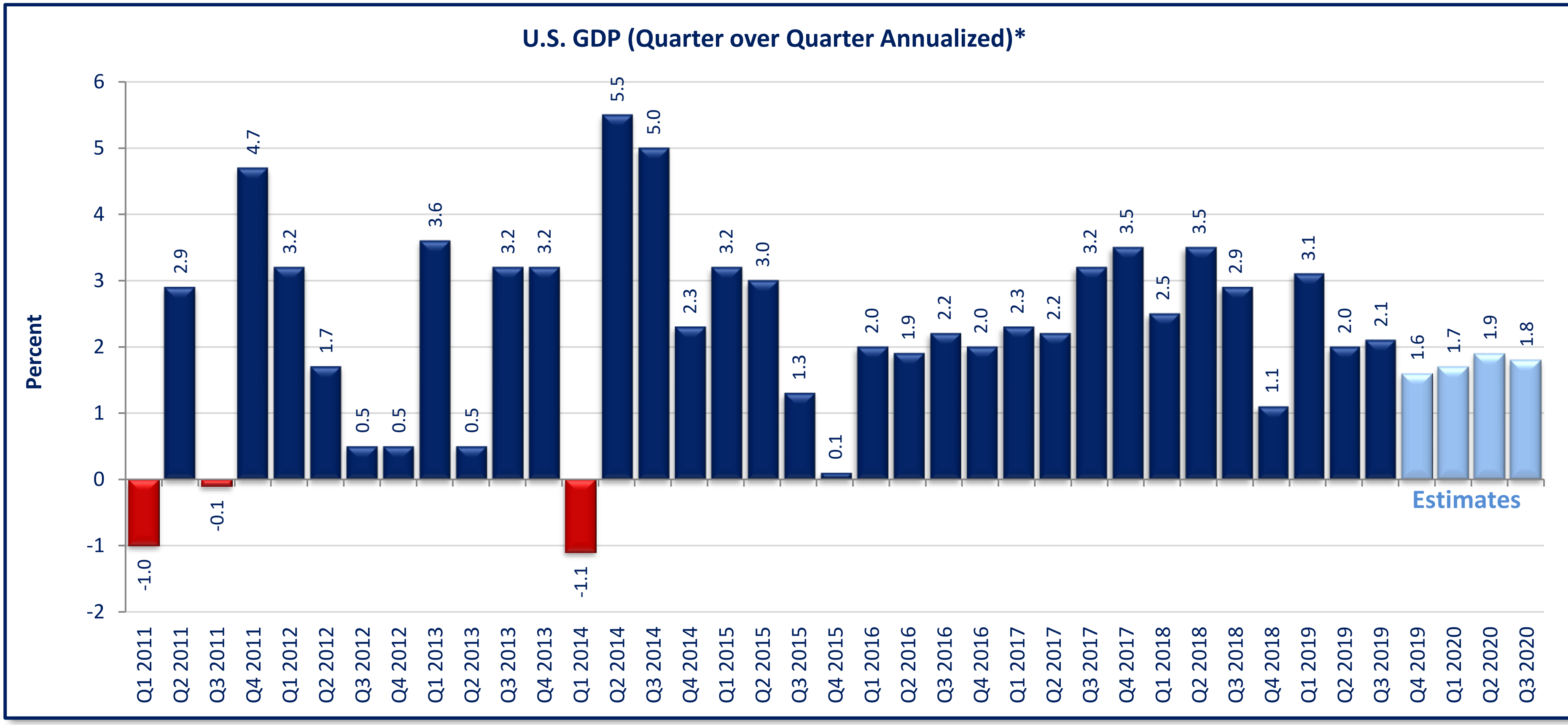
## December 2019

## Economic and Market Update
**12/31/19**

| Item | 12/31/19 | 9/30/19 | Change |
|---|---|---|---|
| U.S. Payrolls Monthly Change | 145,000 | 193,000 | (48,000) |
| Unemployment Rate | 3.5% | 3.5% | 0.0% |
| Labor Force Participation | 63.2% | 63.2% | 0.0% |
| Effective Fed Funds Rate | 1.55% | 1.90% | (0.35%) |
| 3 Month T-Bill | 1.55% | 1.82% | (0.27%) |
| 2 Year T-Note | 1.57% | 1.62% | (0.05%) |
| 3 Year T-Note | 1.61% | 1.56% | 0.05% |
| 5 Year T-Note | 1.69% | 1.55% | 0.15% |
| 10 Year T-Note | 1.92% | 1.67% | 0.25% |
| U.S. Fed Debt Avg Yield* | 2.39% | 2.44% | (0.05%) |
| 30 Year Mortgage Rate | 3.86% | 3.72% | 0.14% |
| 1-5 Yr Agency Spread | 0.04% | 0.05% | (0.01%) |
| 1-5 Yr A-AAA Corporate Spread | 0.36% | 0.44% | (0.08%) |
| Dow Jones | 28,538 | 26,917 | 6.0% |
| S&P 500 | 3,231 | 2,977 | 8.5% |
| Consumer Price Index YOY* | 1.8% | 1.7% | 0.1% |
| U.S. Avg Regular Unleaded | $2.59 | $2.66 | ($0.07) |
| Retail Sales YOY* | 5.6% | 4.0% | 1.6% |
| Case-Shiller Home Prices YOY* | 2.2% | 2.0% | 0.2% |
| Gold (per ounce) | $1,517.27 | $1,472.49 | $44.78 |
| Dollar Index | 96.39 | 99.38 | (2.99) |
| Consumer Confidence | 126.5 | 126.3 | 0.2 |

*Estimates for the current quarter/month, some data are lagged

Sources: FHN Main Street and Bloomberg

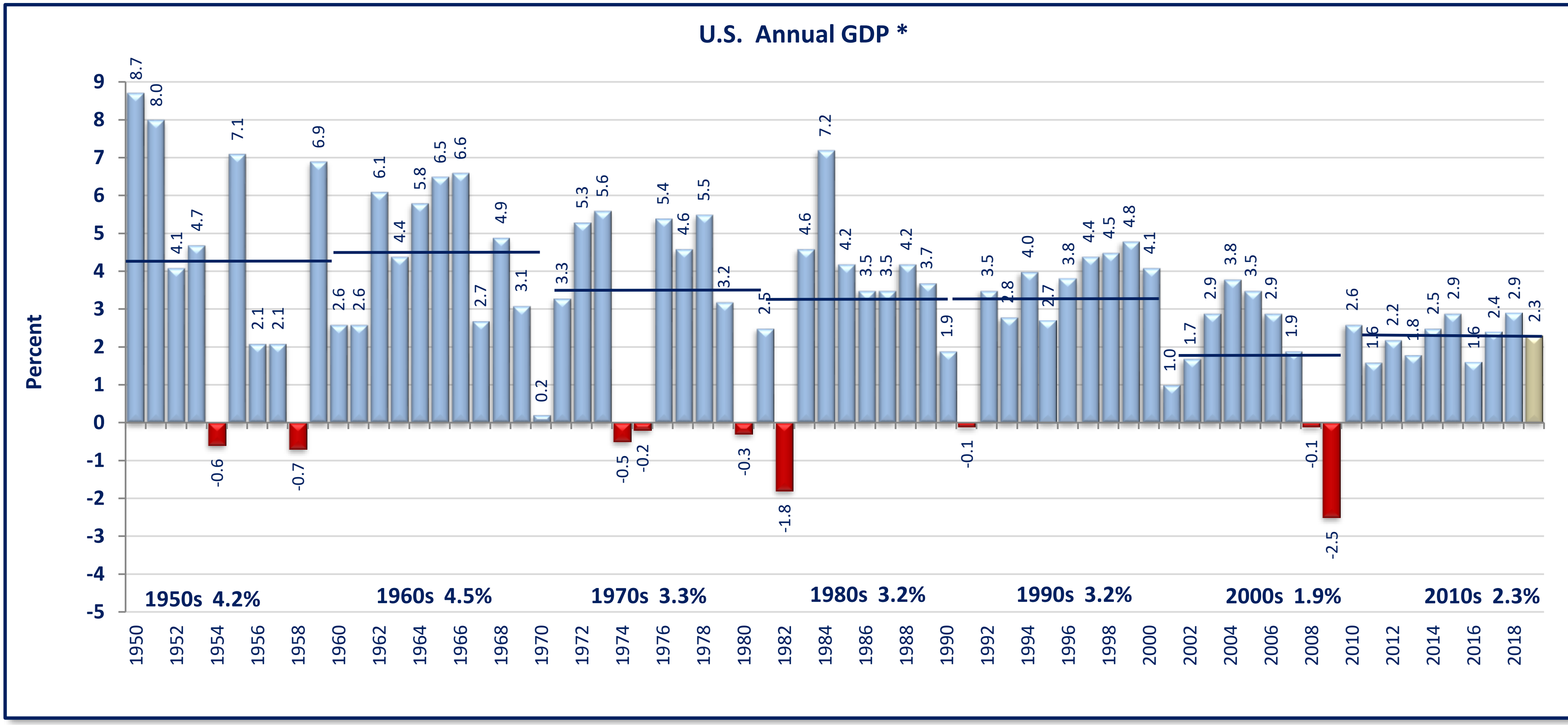



* Real Rate (Inflation Adjusted)

Estimate: Bloomberg's Survey of Economists

Source: Bureau of Economic Analysis

As of: 12/31/19

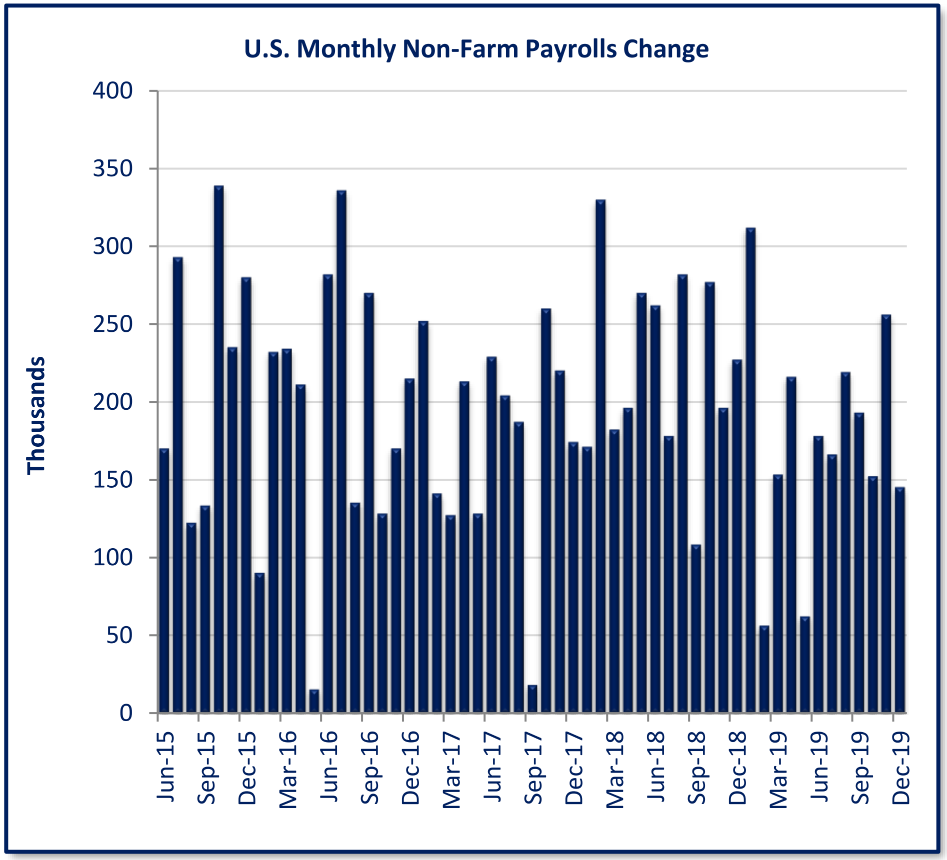


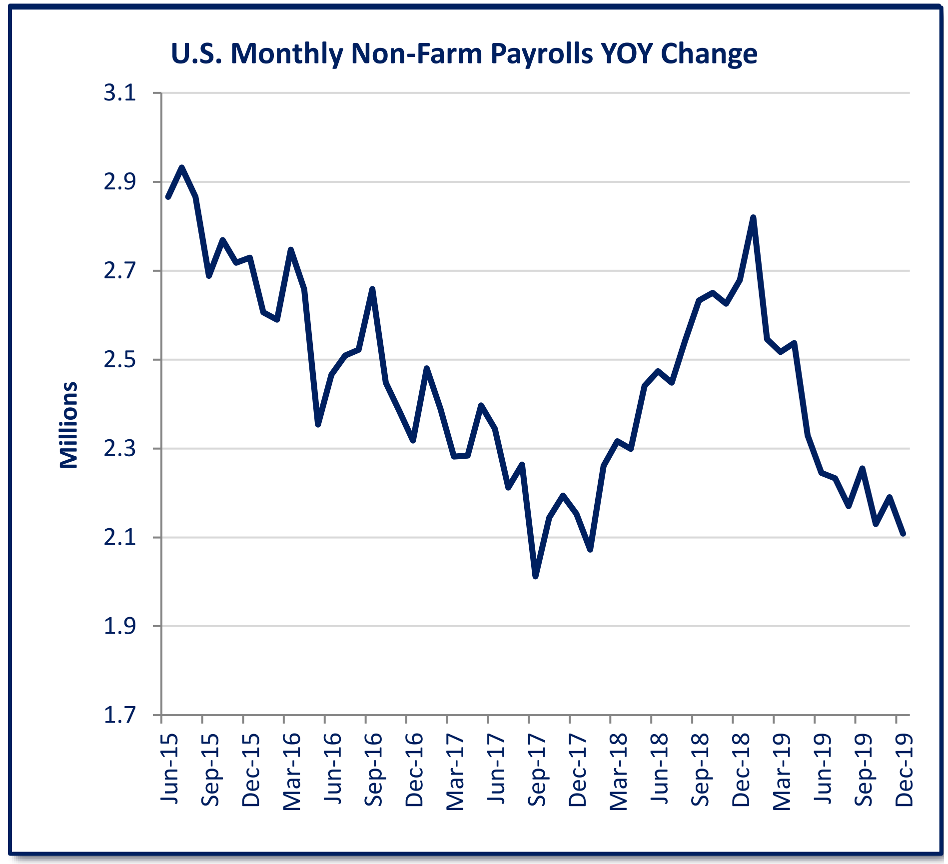

* Real Rate (Inflation Adjusted)

Estimate: Bloomberg's Survey of Economists

Source: Bureau of Economic Analysis

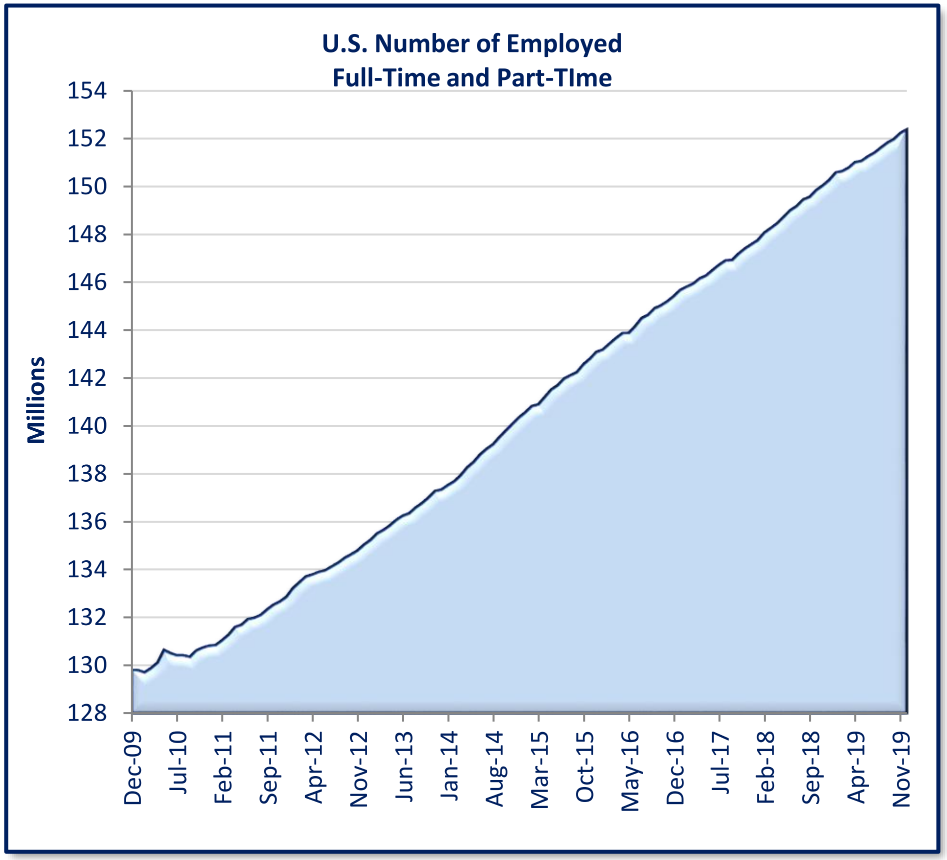
As of: 12/31/19

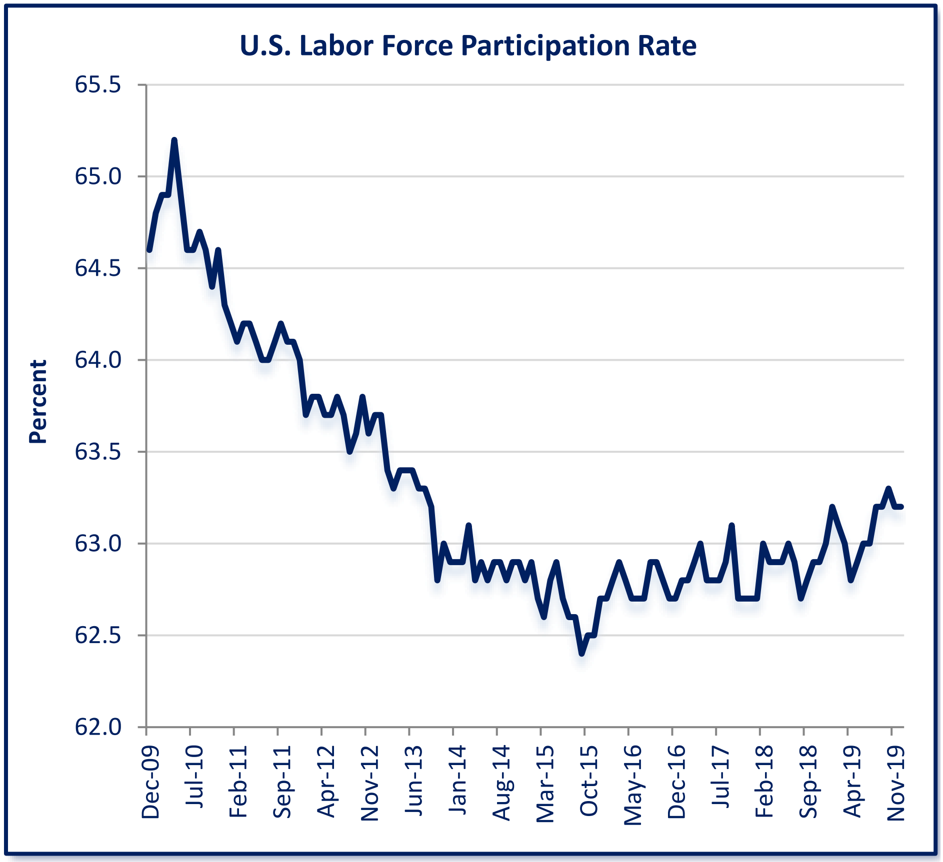


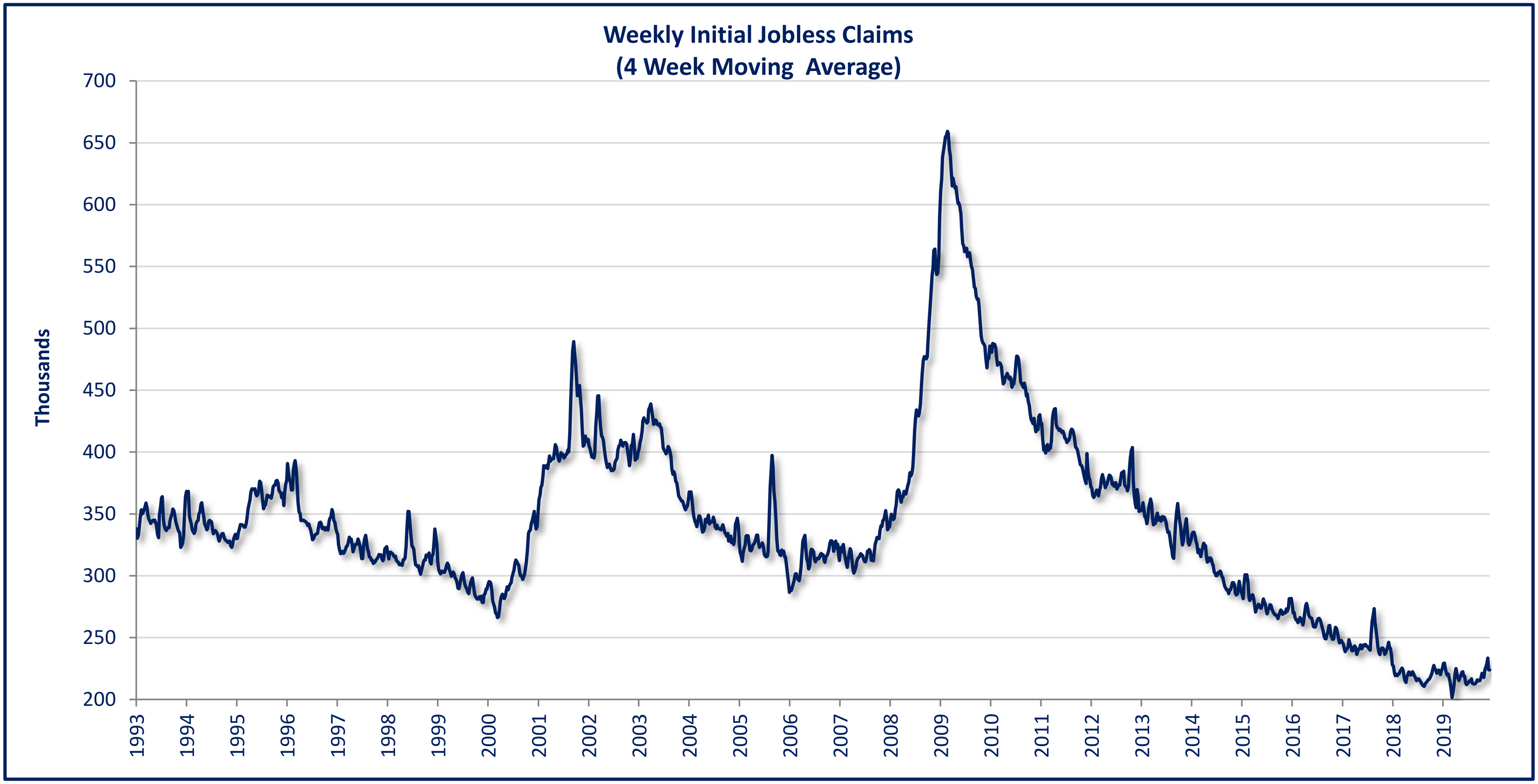

| | |
|---|---|
| **12 Month Average Job Change** | **175,667** |

Source: Bureau of Labor Statistics



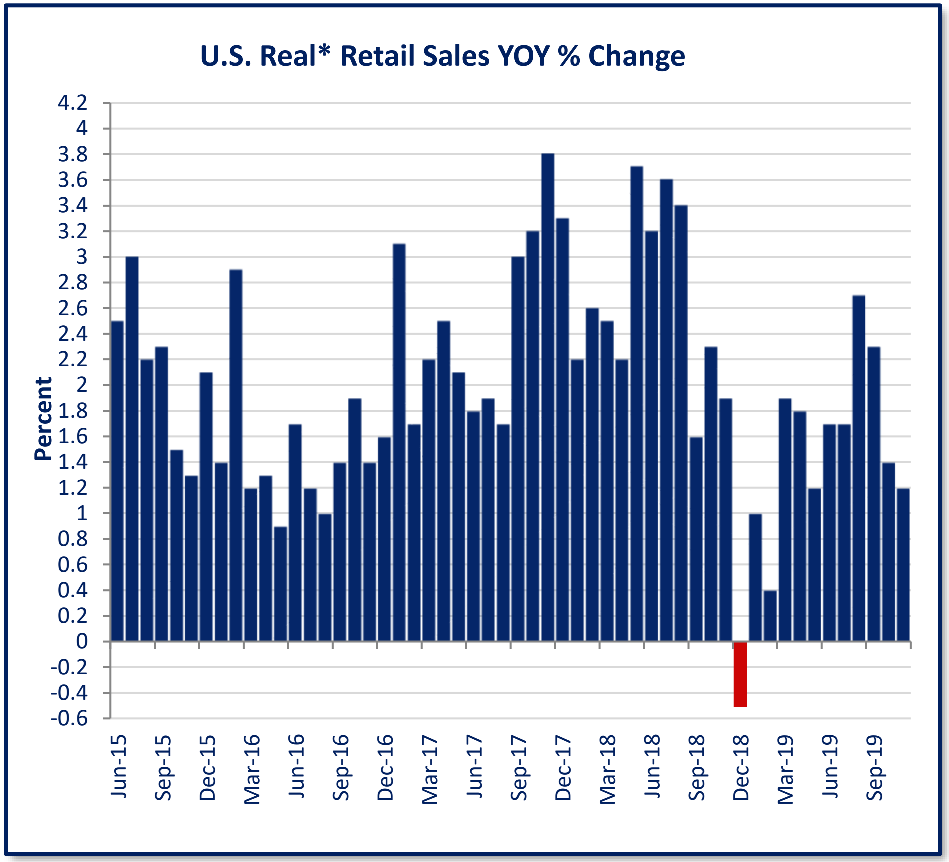



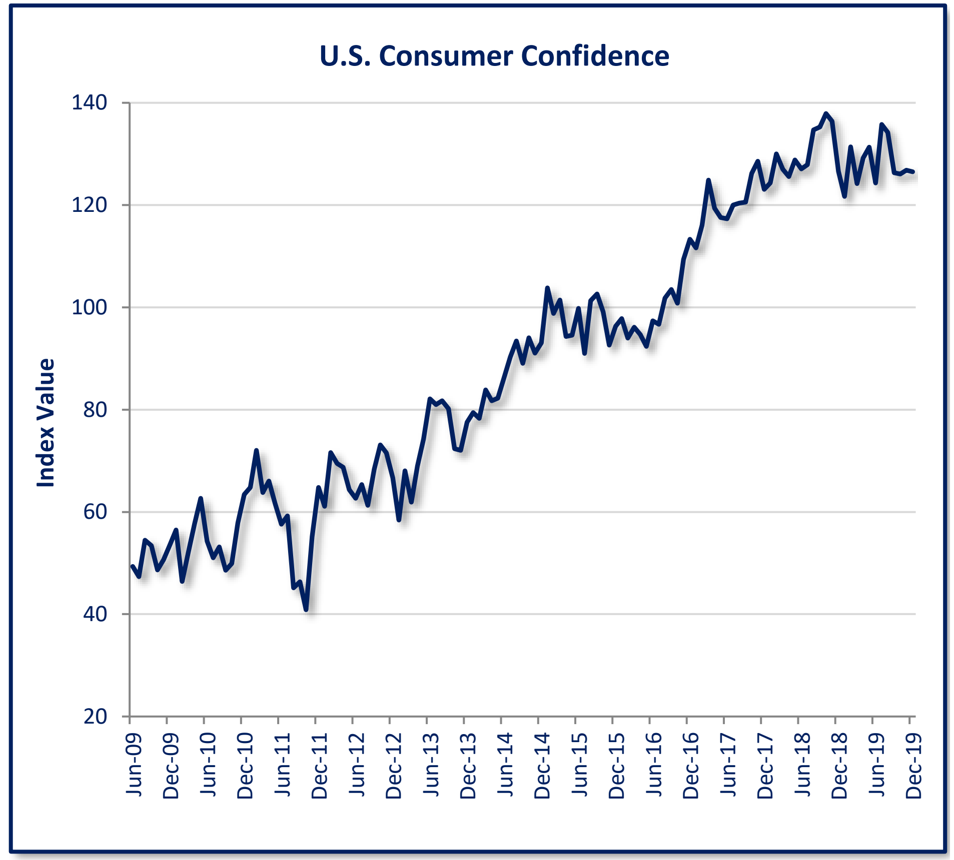

Source: Bureau of Labor Statistics




Weekly Initial Jobless Claims is the actual number of people who have filed for Unemployment benefits for the first time. The following five eligibility criteria must be met in order to file for unemployment benefits: 1. Meet the requirements of time worked during a 1 year period (full time or not). 2. Become unemployed through no fault of your own (cannot be fired). 3. Must be able to work; no physical or mental holdbacks. 4. Must be available for work. 5. Must be actively seeking work.

Source: Department of Labor and Bloomberg

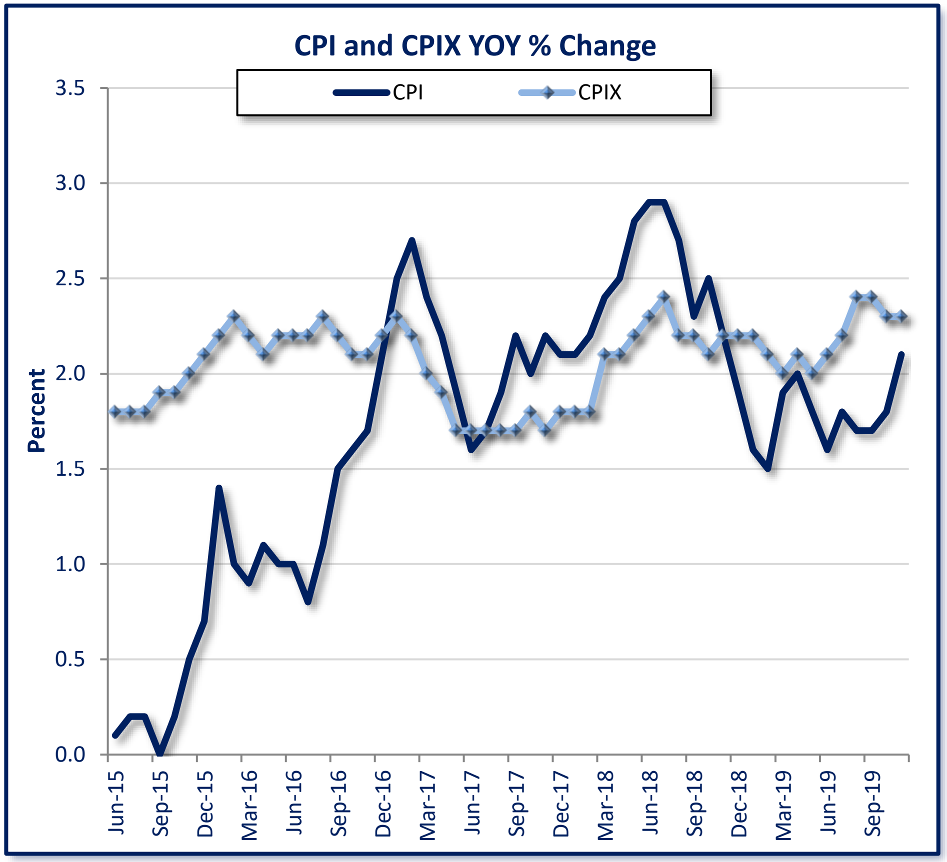


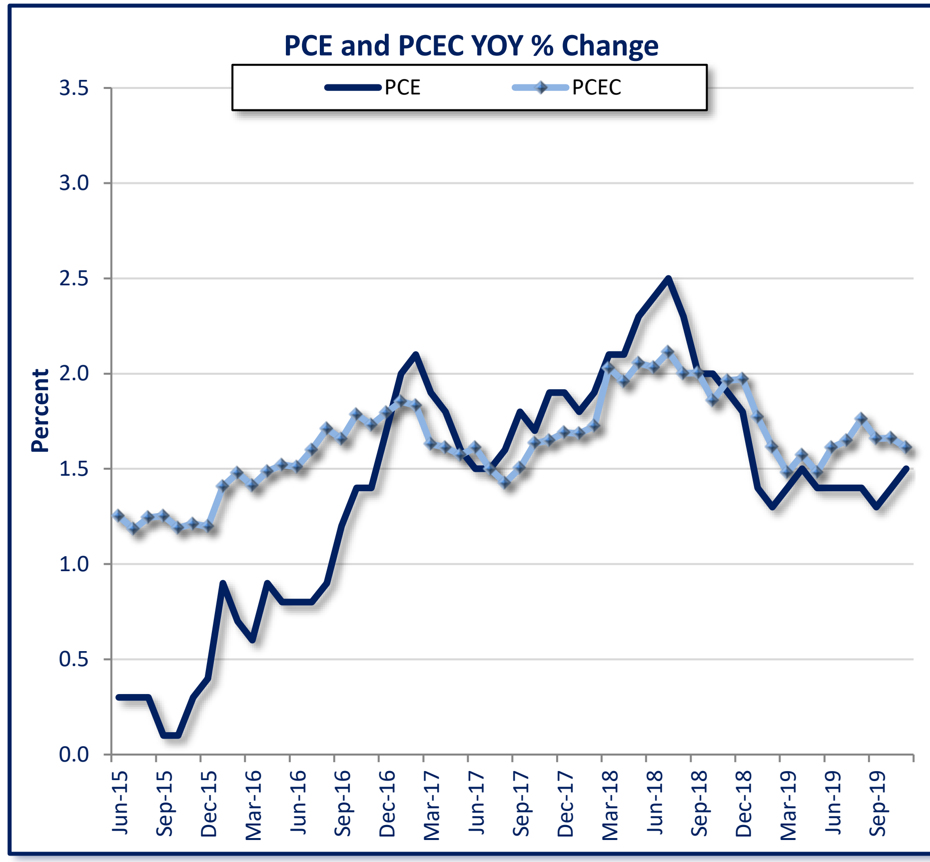

*Real: Inflation Adjusted

Source: U.S. Census Bureau

Source: Conference Board

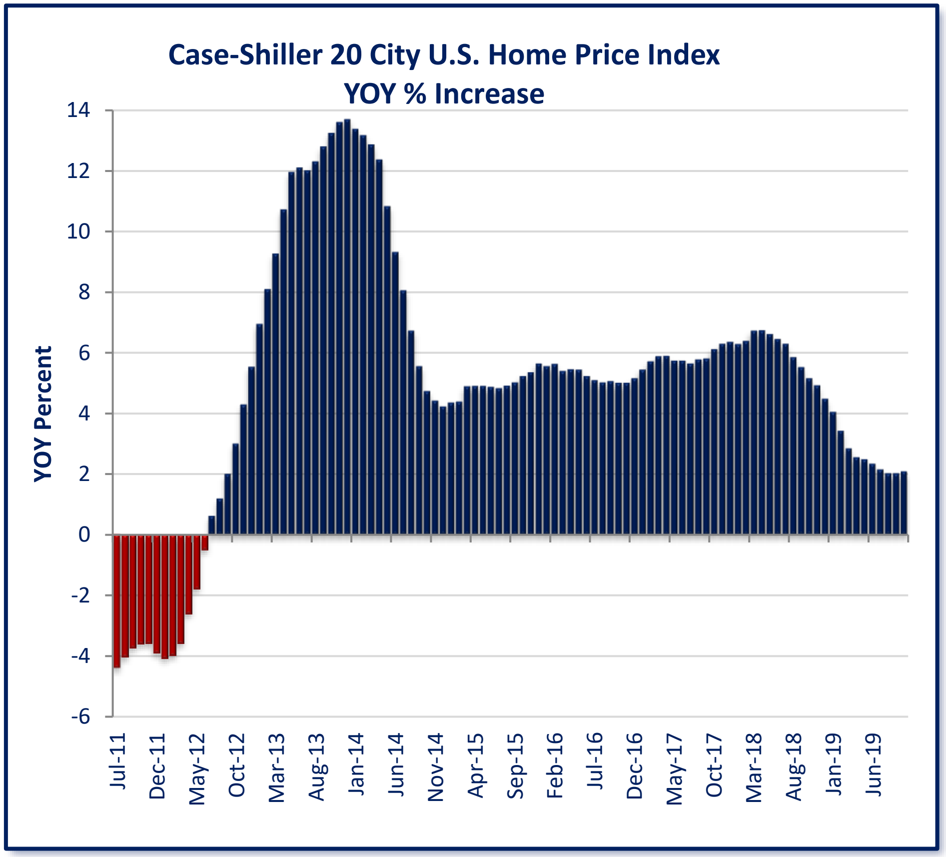



CPIX: Consumer Price Index, excluding food and energy

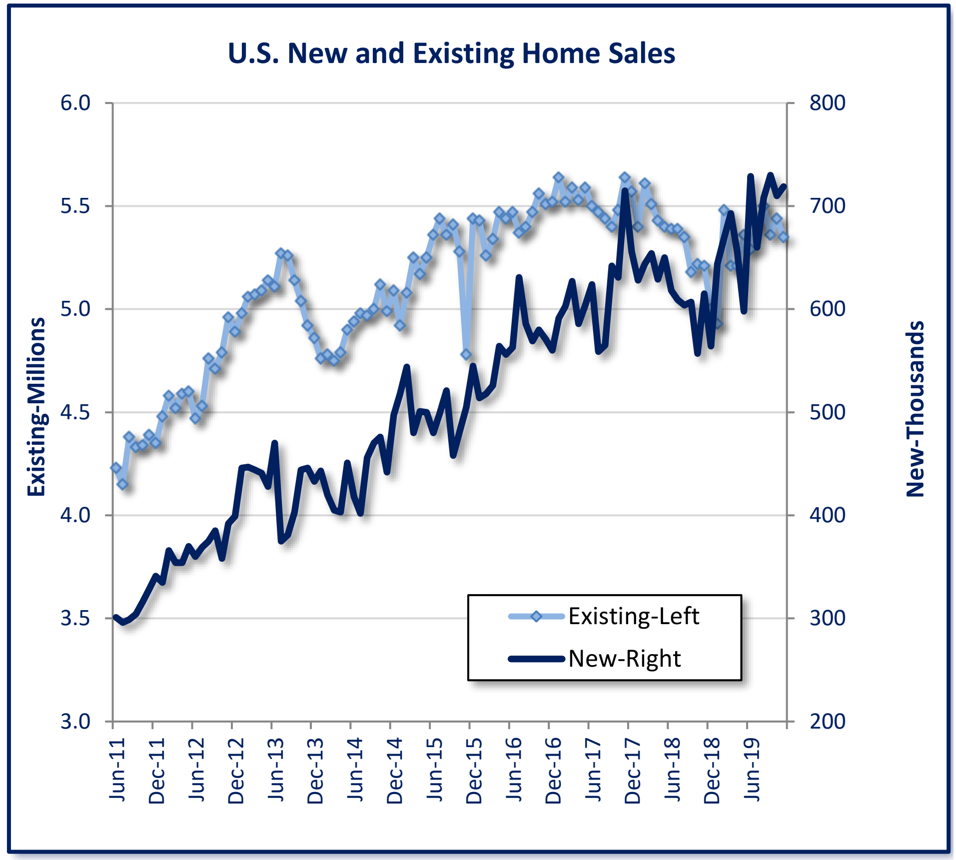



PCEC: Personal Consumption Expenditure Core

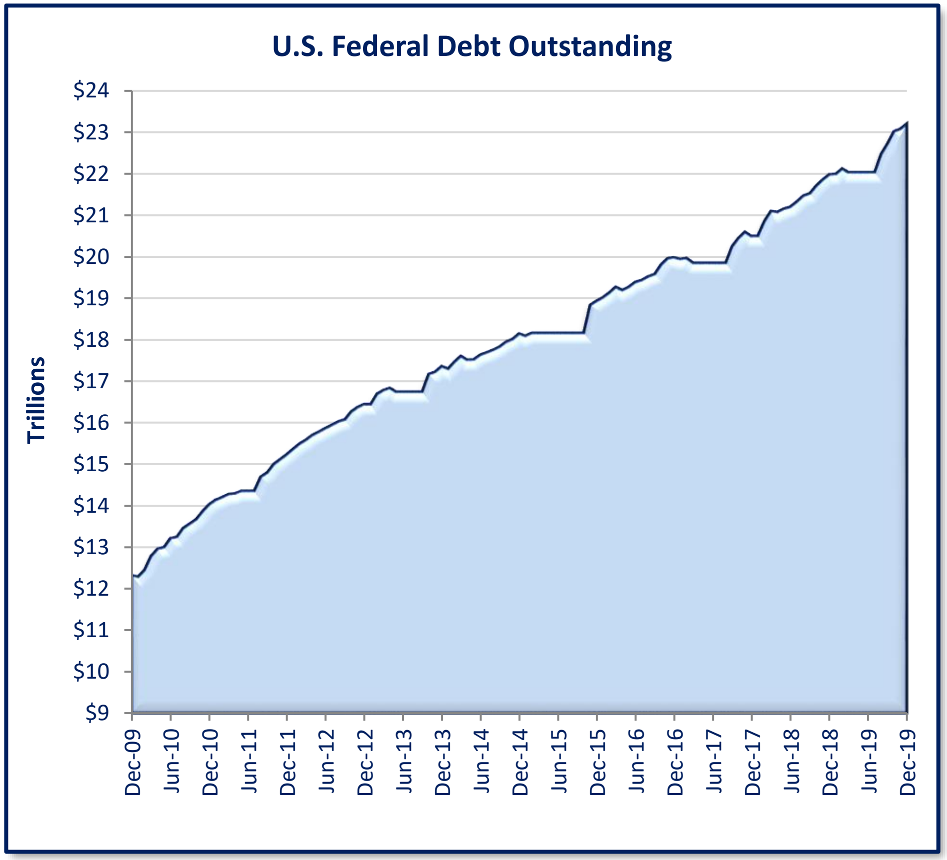
Source: Bureau of Labor Statistics and Bureau of Economic Analysis

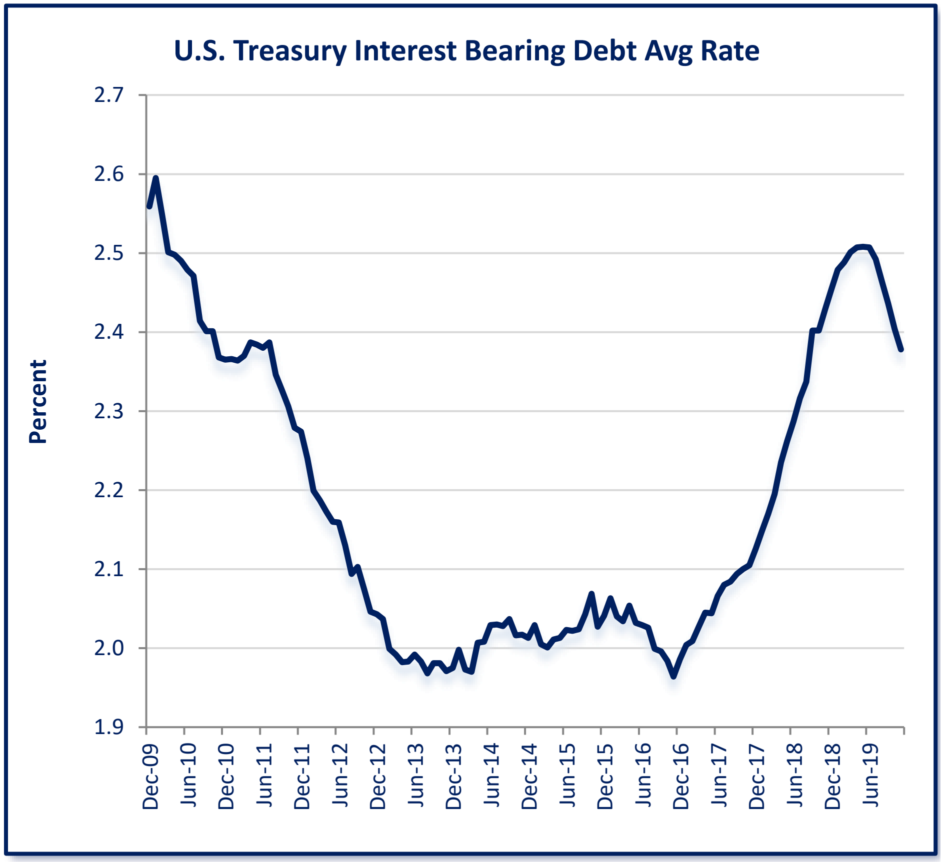



Source: Case-Shiller

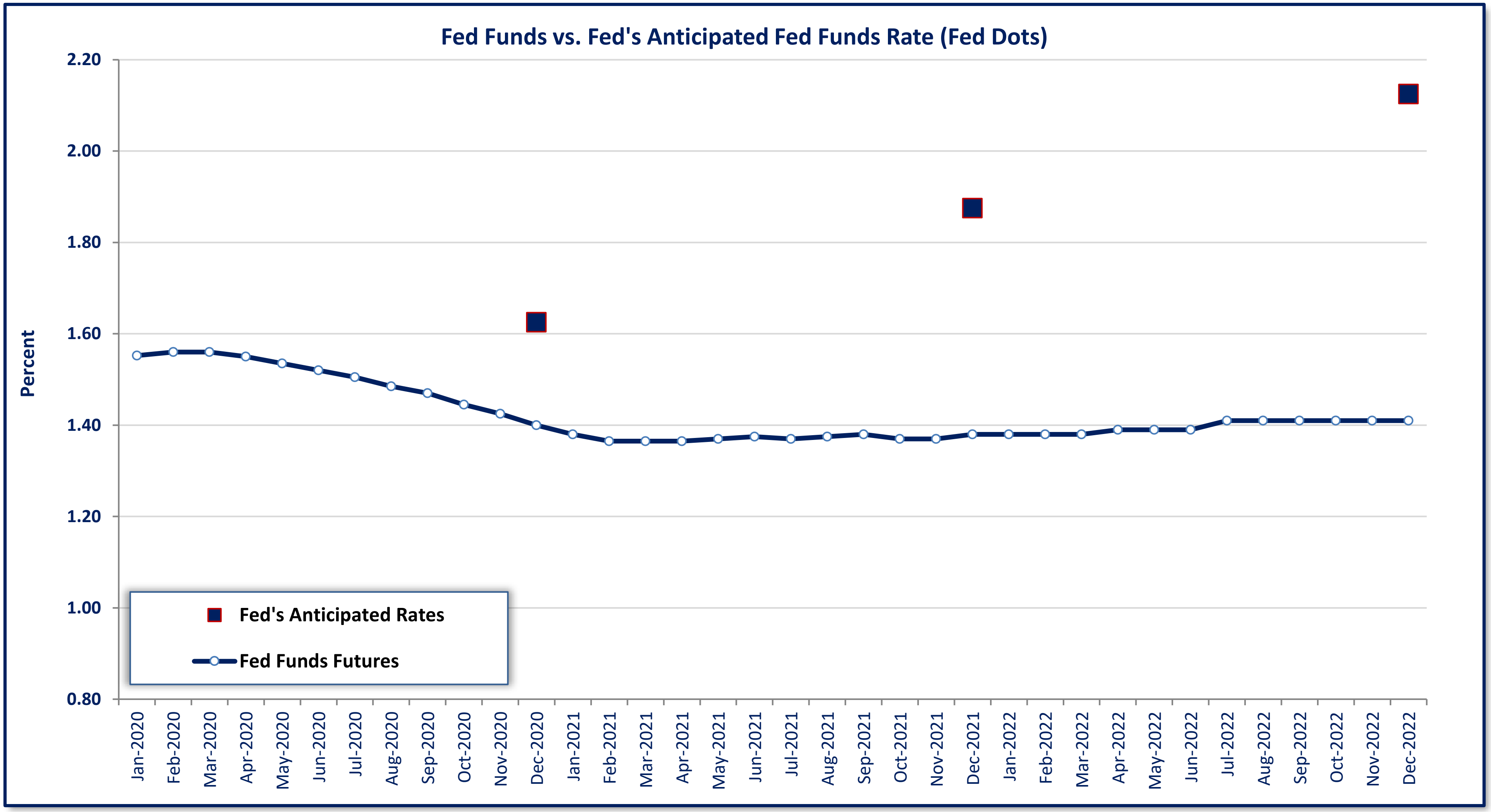



Sources: New (U.S. Census Bureau),Existing (National Assoc. of Realtors)
Seasonally Adjusted Annual Rate



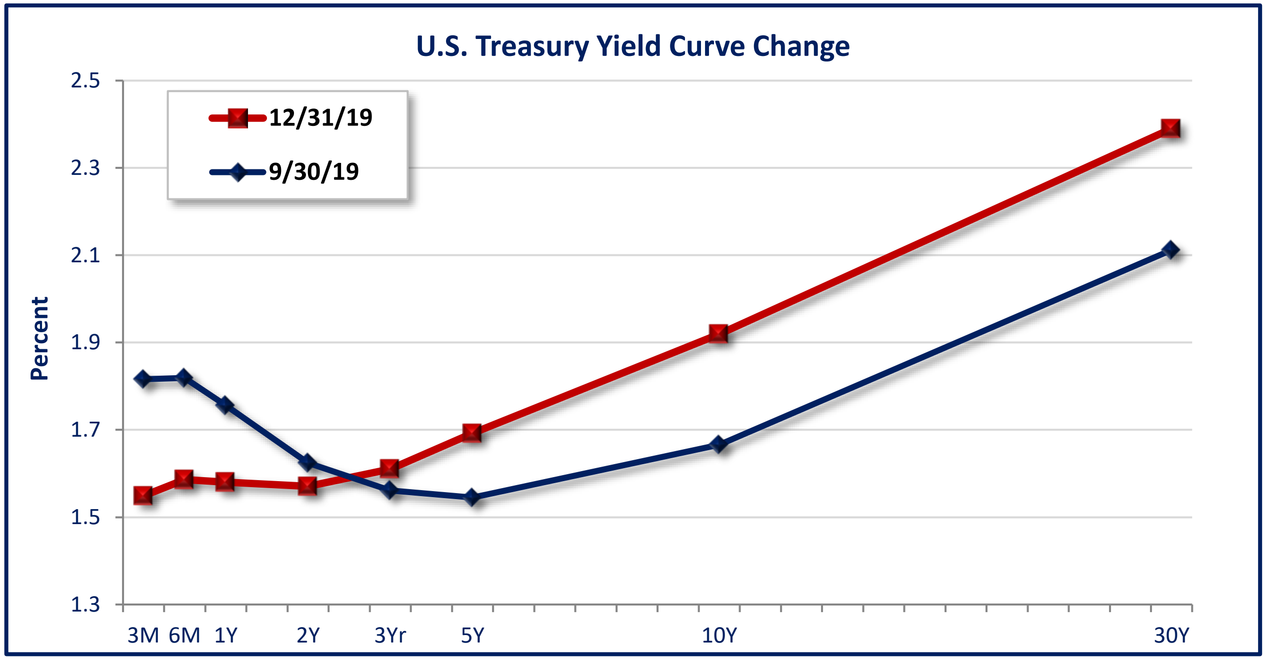




Source: U.S. Treasury

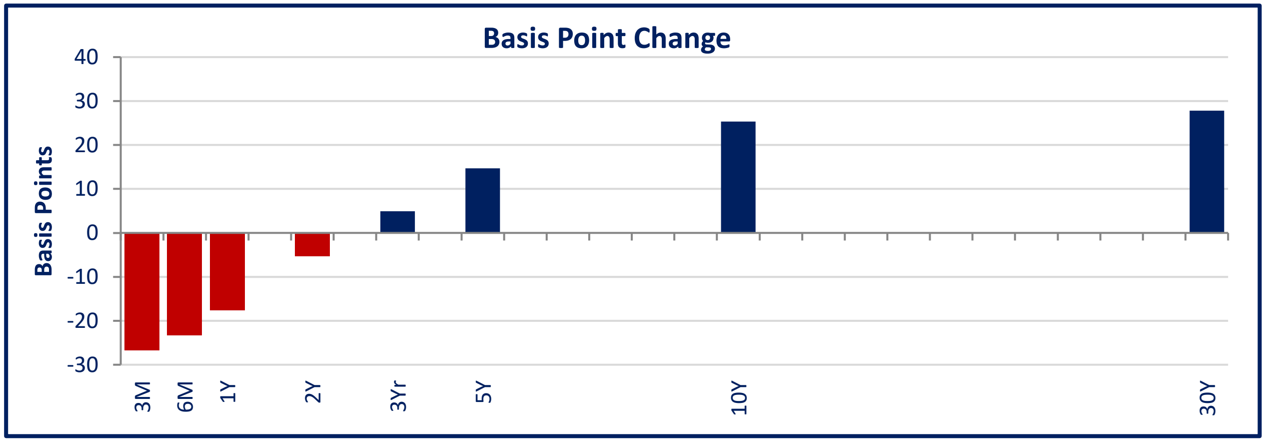



Fed Funds Anticipated Rate from the December 11, 2019 FOMC Meeting

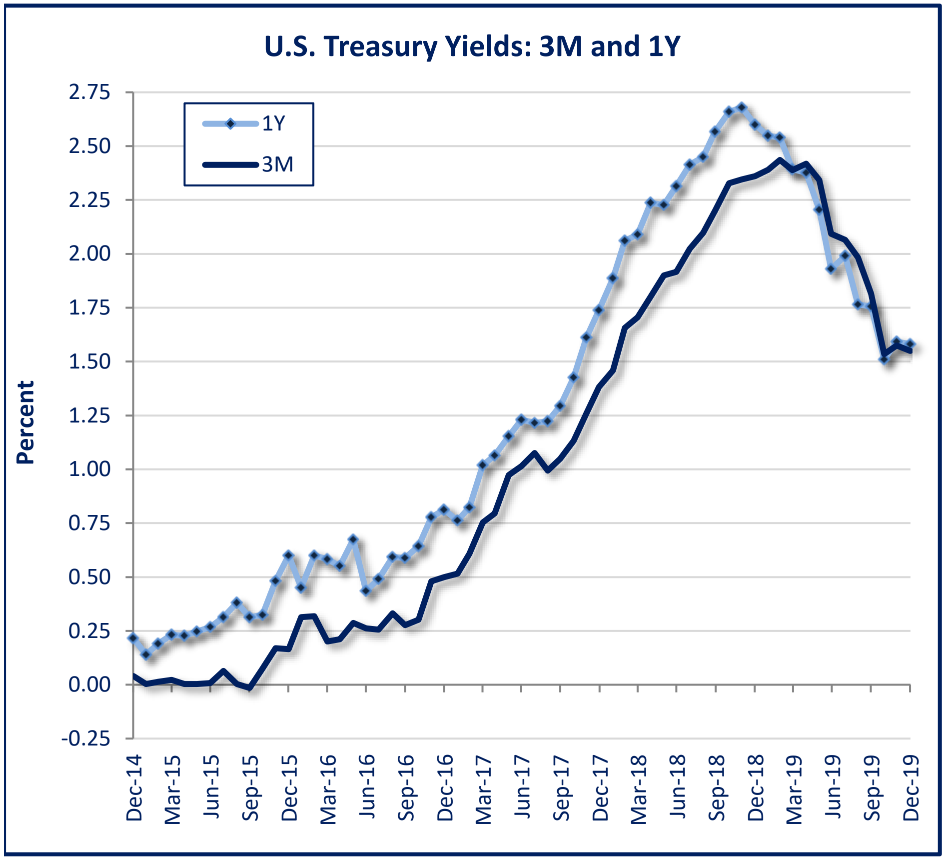
Source: Bloomberg

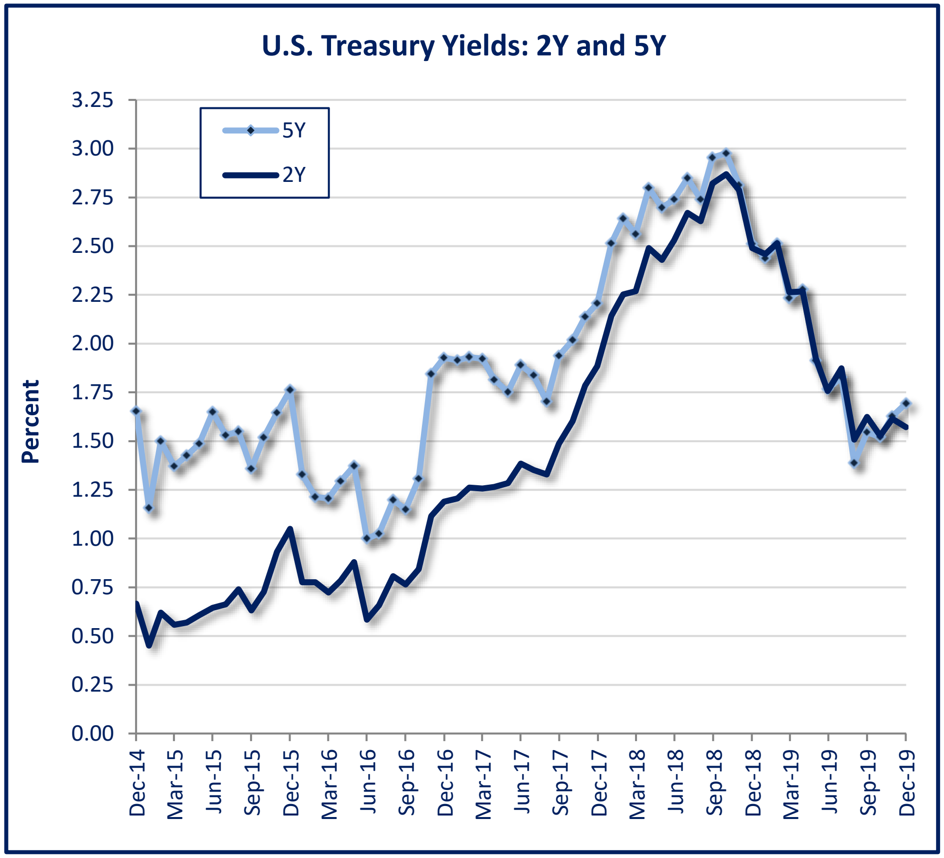



| Maturity | 9/30/19 | 12/31/19 | Change |
|---|---|---|---|
| 3M | 1.82 | 1.55 | -0.27 |
| 6M | 1.82 | 1.59 | -0.23 |
| 1Y | 1.76 | 1.58 | -0.18 |
| 2Y | 1.62 | 1.57 | -0.05 |
| 3Y | 1.56 | 1.61 | 0.05 |
| 5Y | 1.55 | 1.69 | 0.15 |
| 10Y | 1.67 | 1.92 | 0.25 |
| 30Y | 2.11 | 2.39 | 0.28 |



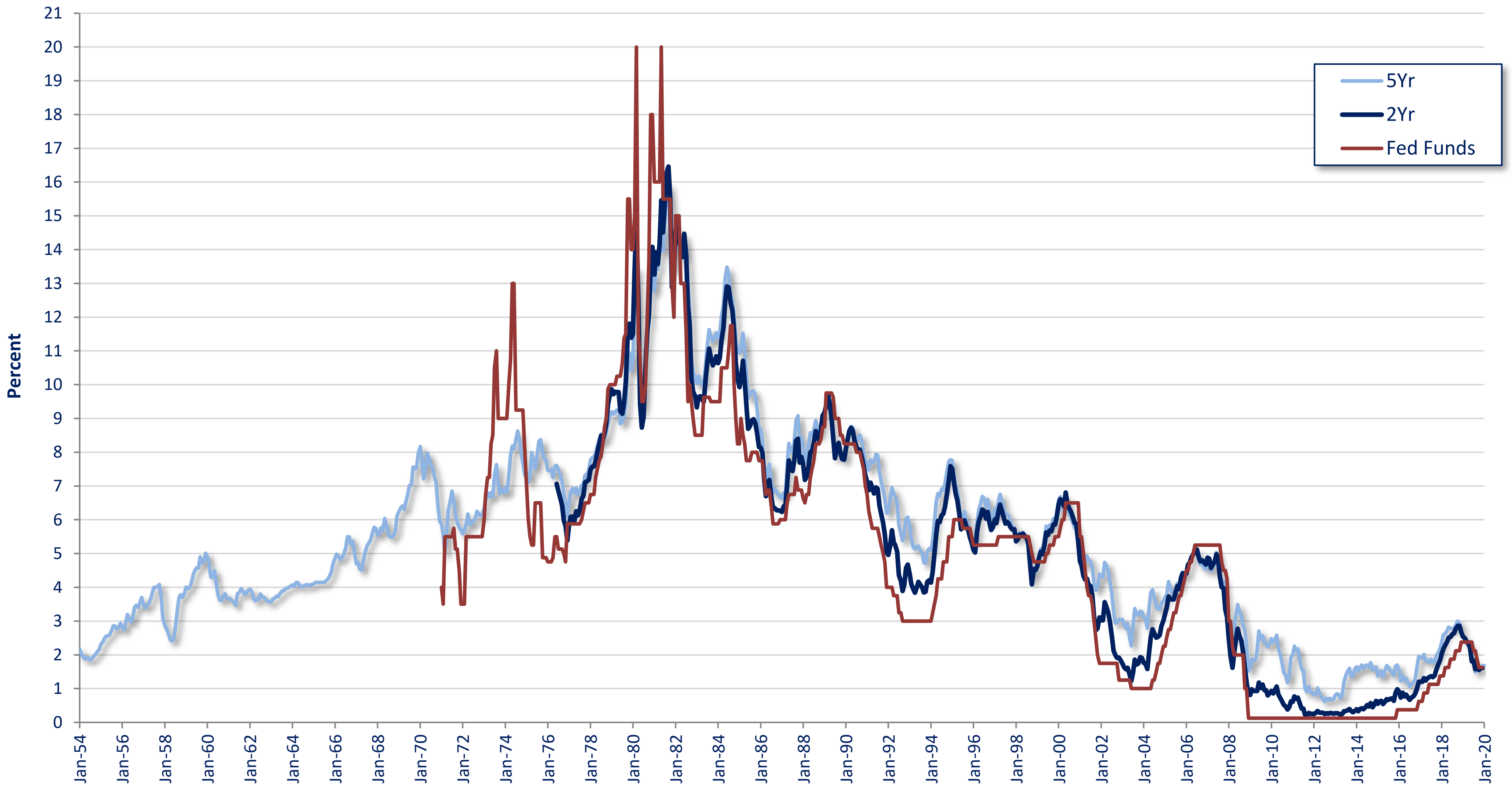

Source: Bloomberg
Figures may not total due to rounding




Source: Bloomberg

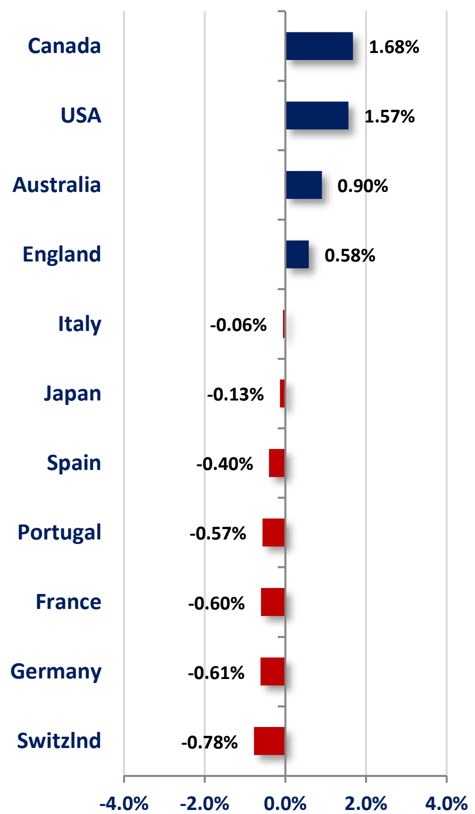
## U.S. Treasury Yields 2Yr and 5Yr - Fed Funds Target Rate



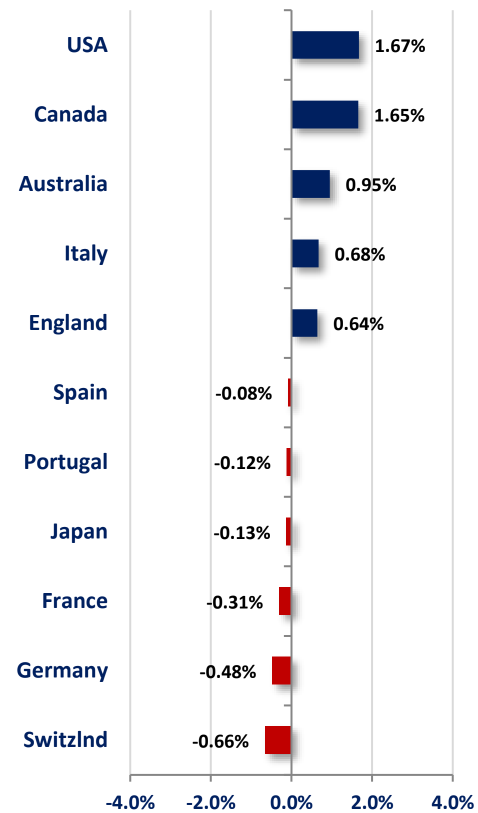

Source: Bloomberg

## Global Treasury Rates

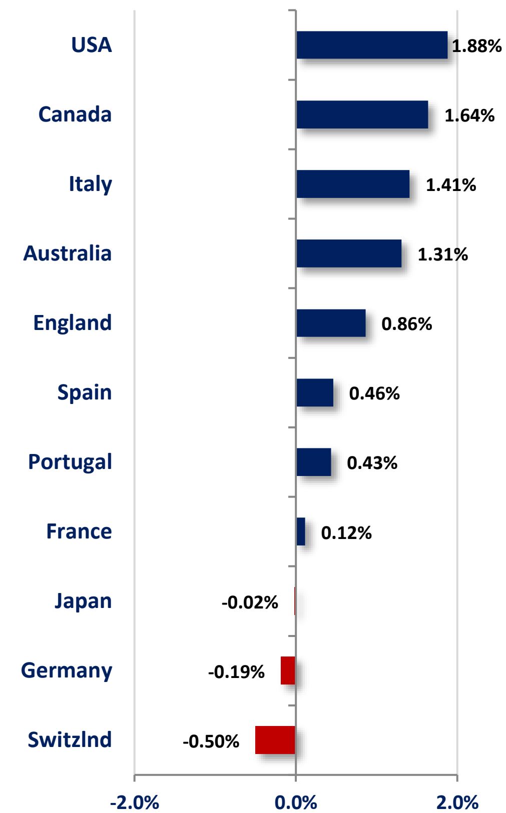
### 2 Year Yields



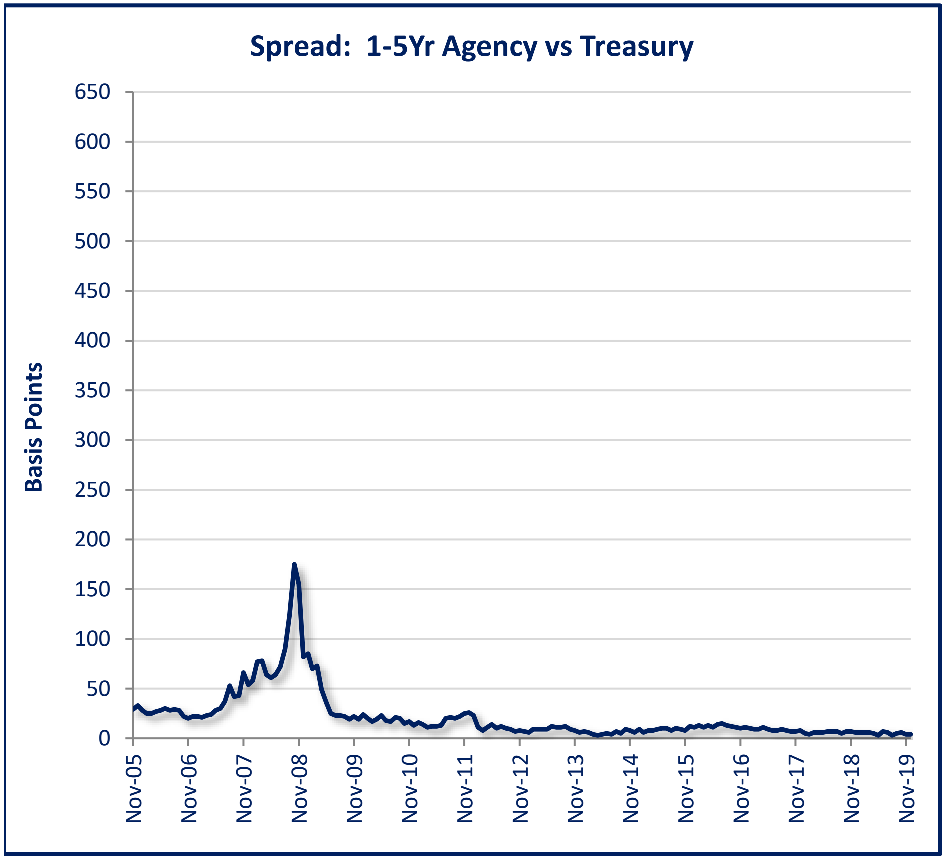

### 5 Year Yields



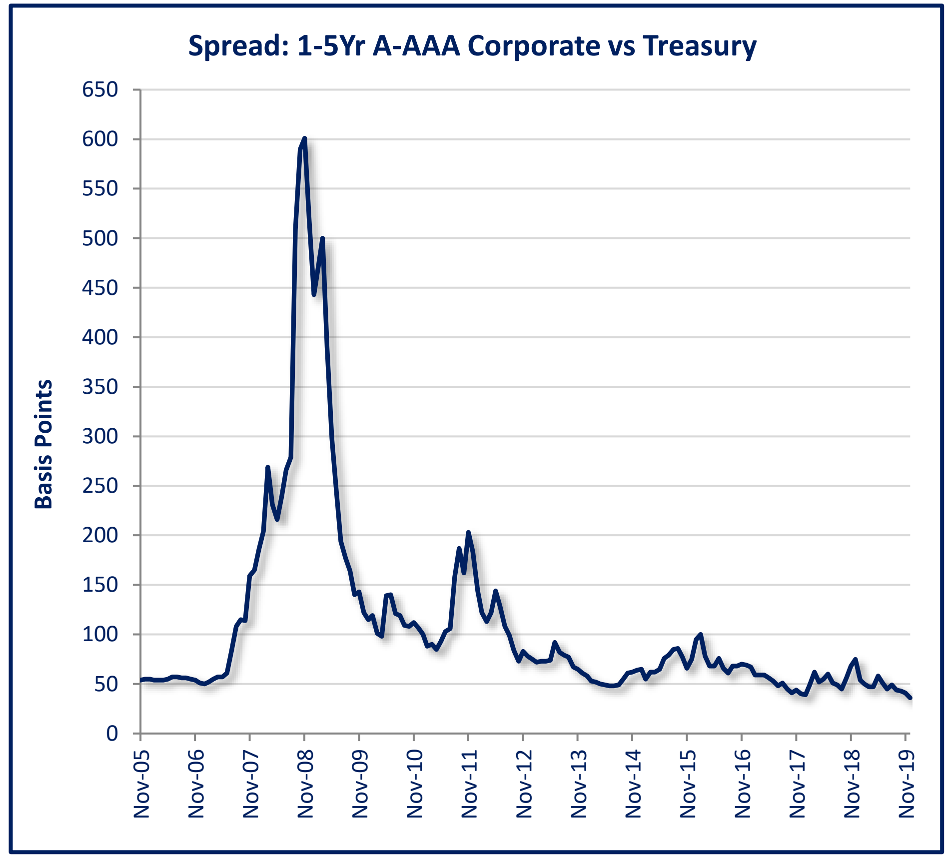

### 10 Year Yields




Source: Bloomberg




**Current Spread is 4**

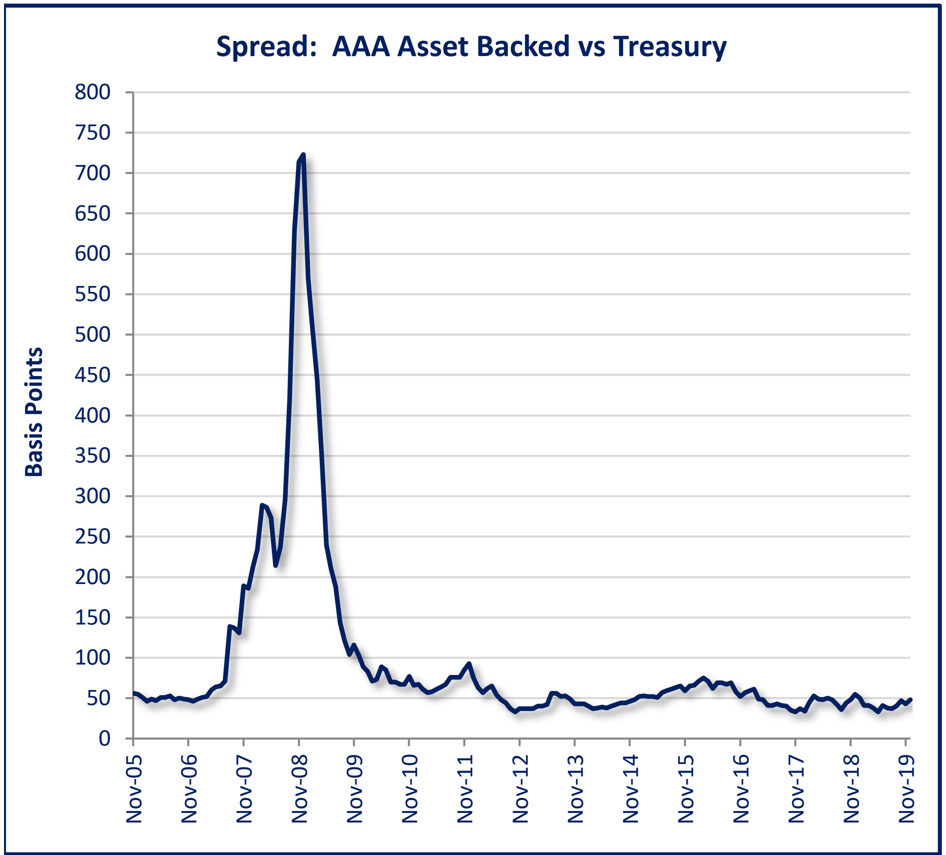



**Current Spread is 36**

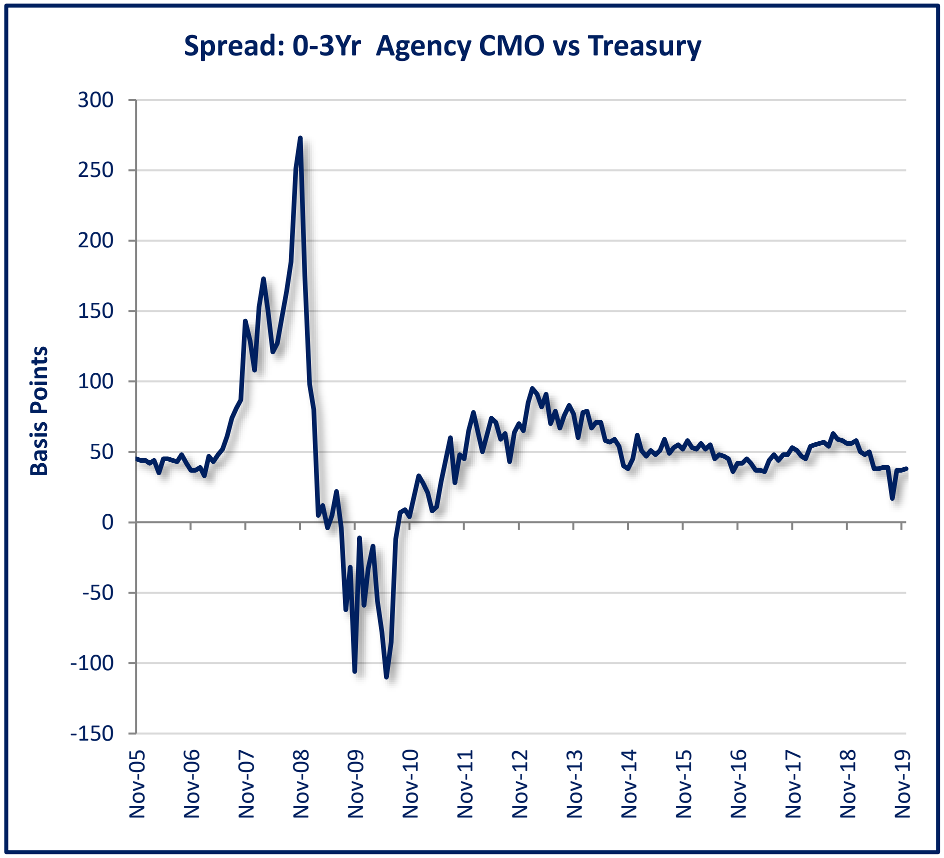
ICE BofAML Index (option adjusted spread vs. Treasury)
1-5Yr Non-Callable Agency (GVPB)

ICE BofAML Index (option adjusted spread vs. Treasury)
Corporate A-AAA Excluding Yankee (CVAC)

Source: ICE BofAML Indices




**Current Spread is 48**

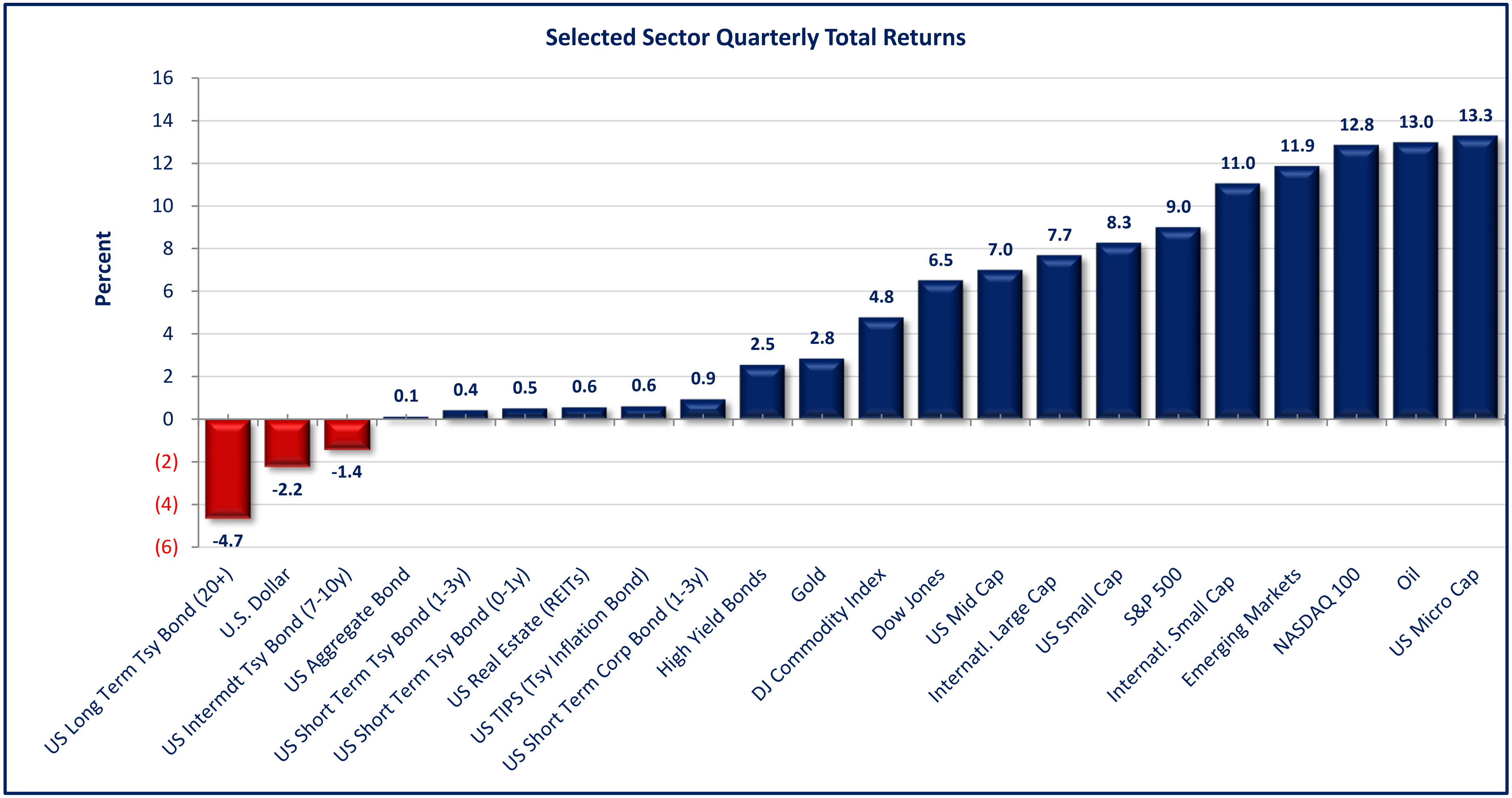



**Current Spread is 38**

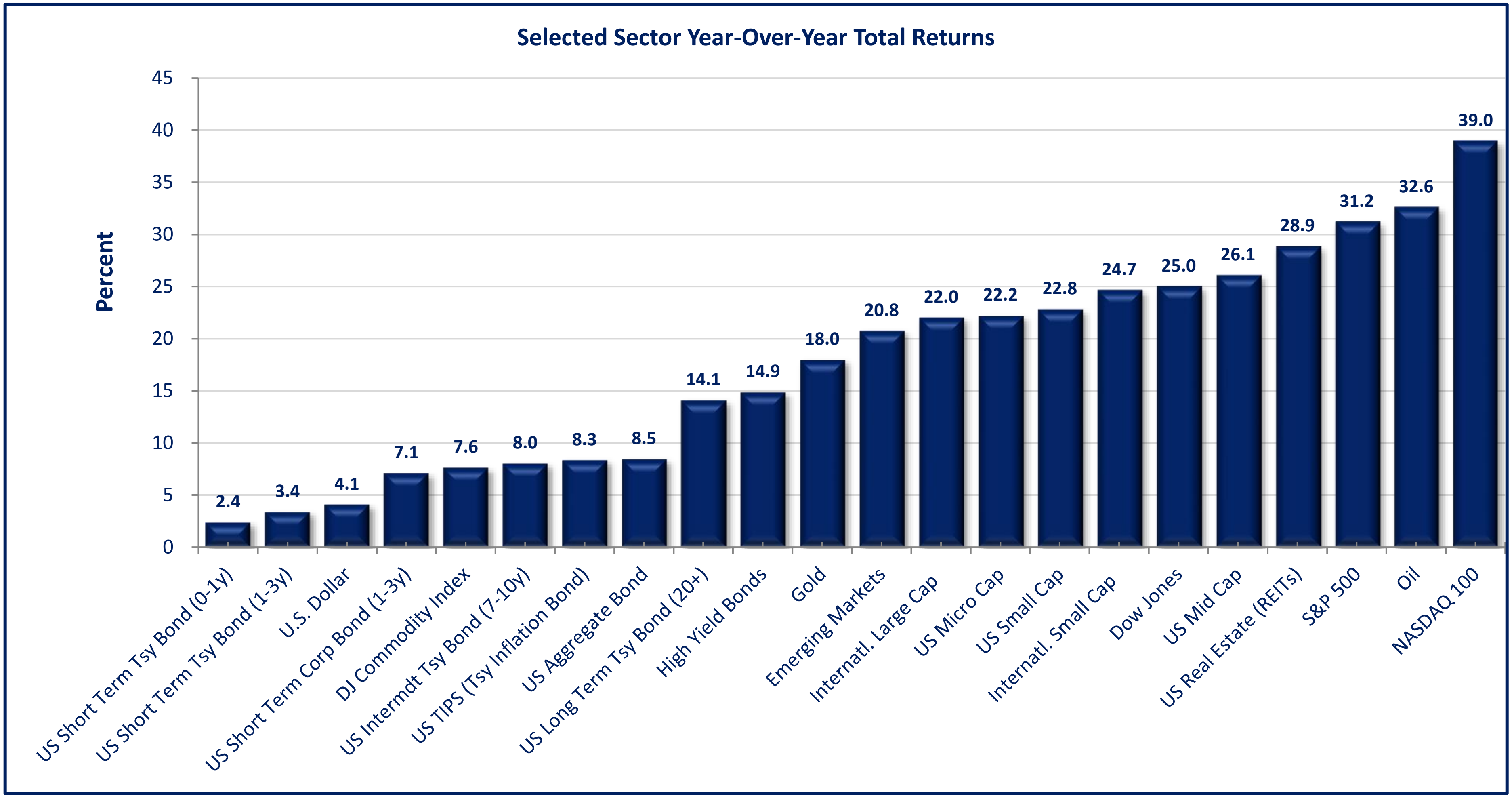
*ICE BofAML Index (option adjusted spread vs. Treasury)
AAA Rated ABS (R0A1)

*ICE BofAML Index (option adjusted spread vs. Treasury)
CMO Agency 0-3Yr PAC (CM1P)

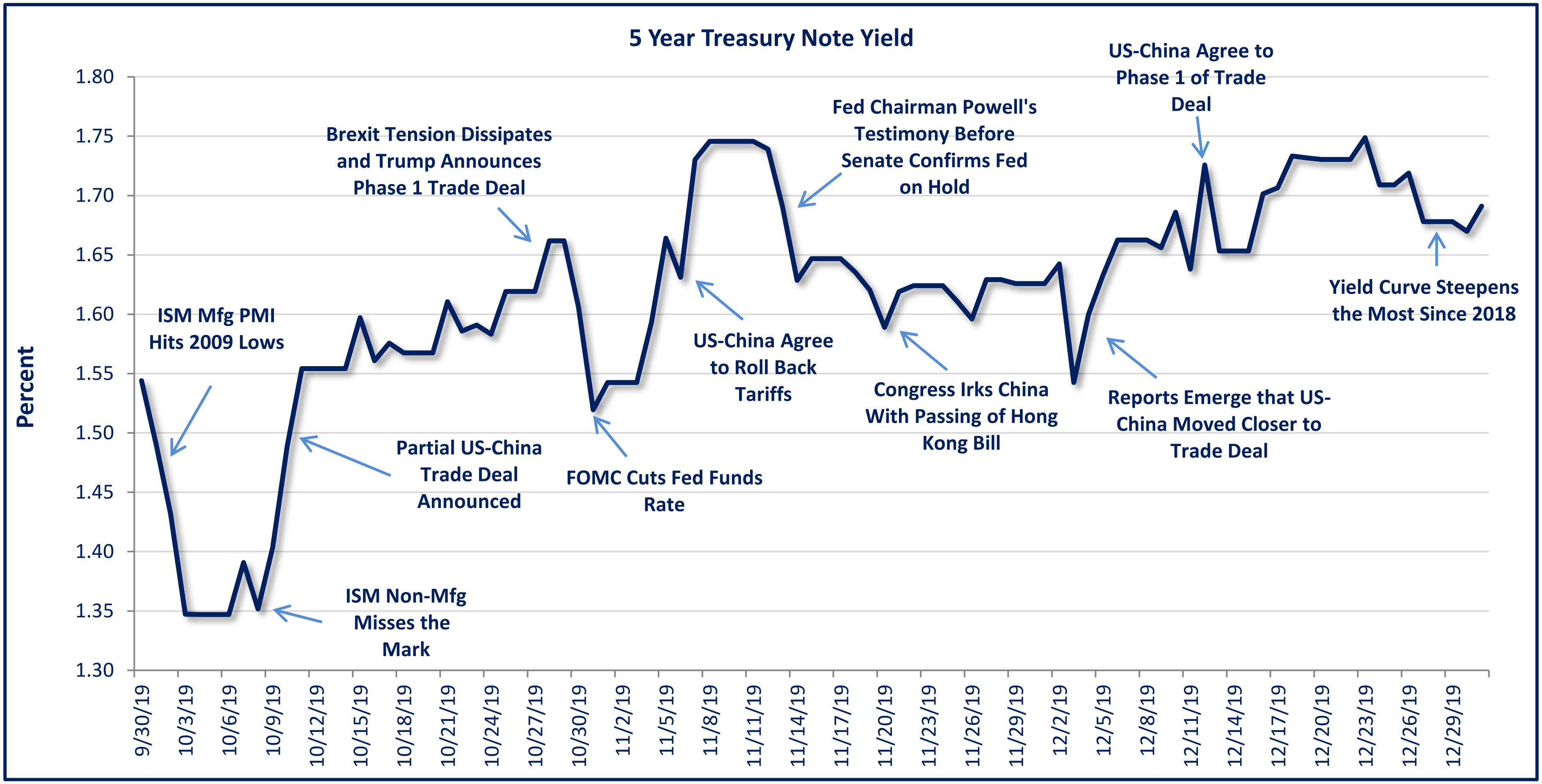
Source: ICE BofAML Indices



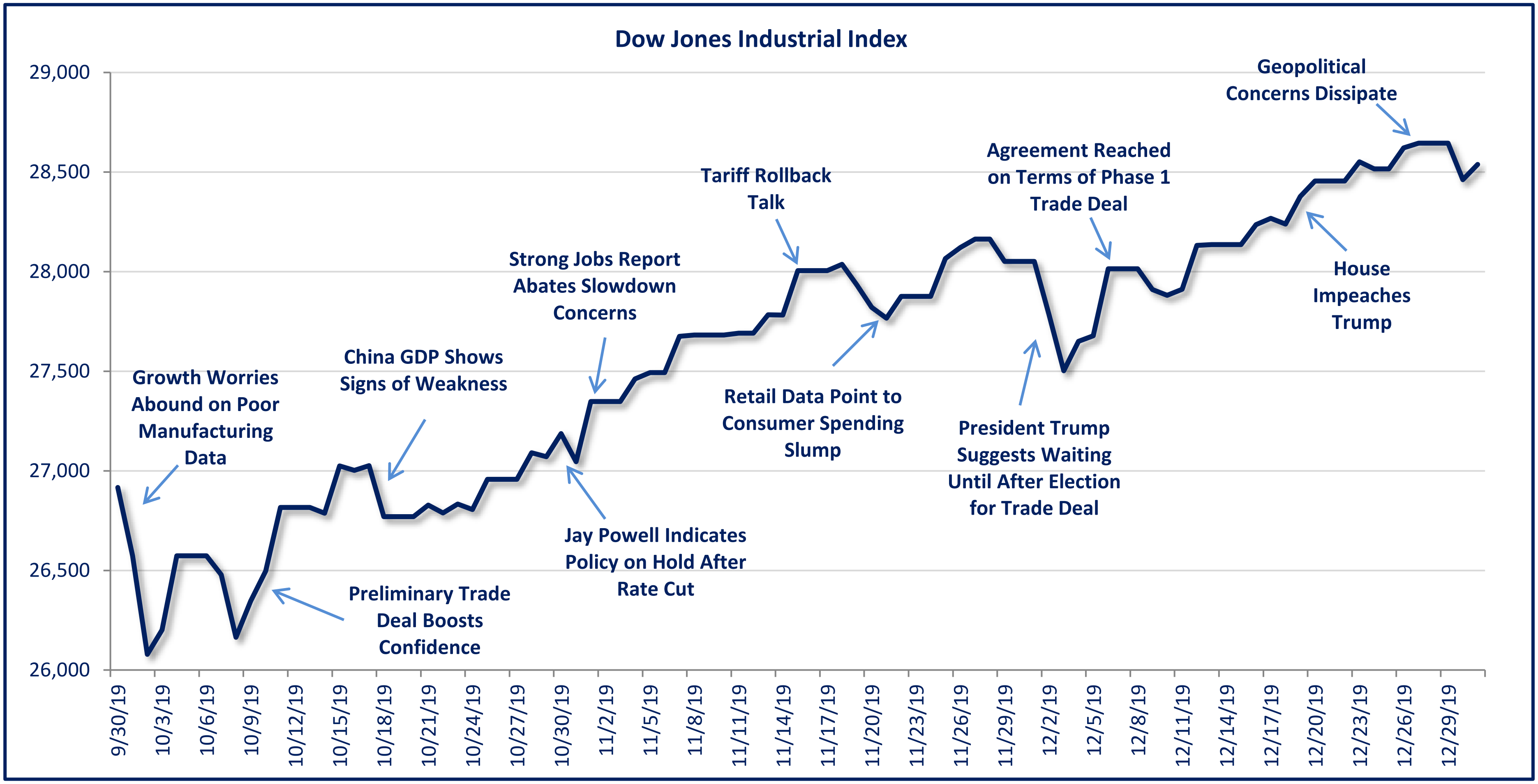

Source: Bloomberg




Source: Bloomberg




Sources: Bloomberg, FHN Main Street




Sources: Bloomberg, FHN Main Street

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# APPENDIX H

# ACCRETED VALUE TABLES