PRELIMINARY OFFICIAL STATEMENT DATED APRIL 28, 2020

NEW ISSUE - FULL BOOK-ENTRY

RATING: S&P: "AA-"
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. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$12,500,000*
FRUITVALE SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds
Election of 2016, Series B

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

Authority and Purpose. The above-captioned General Obligation Bonds Election of 2016, Series B, are being issued by the Fruitvale School District pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on Tuesday, April 14, 2020. The Bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of $23,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities (the "2016 Authorization"). The Bonds are the second series of bonds to be issued under the 2016 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 Kern County. The 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). The District has other series of general obligation bonds outstanding which are similarly secured by tax levies. 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. Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and APPENDIX F.

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2020. Payments of principal of and interest on the Bonds will be paid by Zions Bancorporation, National Association, as the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. 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 municipal bond insurance for the Bonds, and accepting an insurance commitment, if any, will be at bidder's option pursuant to the terms of the Official Notice of Sale for the Bonds. See "BOND 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 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 sold and awarded pursuant to a competitive bidding process to be held on May 6, 2020, as set forth in an Official Notice of Sale with respect to the Bonds. The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. It is anticipated that the Bonds in definitive form will be available for delivery to Cede & Co., as nominee of The Depository Trust Company, on or about May 28, 2020, in New York, New York.

The date of this Official Statement is ________, 2020.

**Preliminary; subject to change.*

MATURITY SCHEDULE*

FRUITVALE SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds
Election of 2016, Series B

Base CUSIP†: 359497

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2021	$50,000				
2022	320,000				
2023	10,000				
2024	20,000				
2025	40,000				
2026	100,000				
2027	125,000				
2028	155,000				
2029	185,000				
2030	220,000				
2031	260,000				
2032	300,000				
2033	340,000				
2034	385,000				
2035	430,000				
2036	470,000				
2037	525,000				
2038	575,000				
2039	625,000				
2040	680,000				
2041	745,000				
2042	810,000				
2043	875,000				
2044	945,000				
2045	1,020,000				
2046	1,100,000				
2047	1,190,000				

$_______ ____% Term Bonds maturing August 1, 2047; Yield: ___%; Price: ____;
CUSIP†: ___

**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 Purchaser takes any responsibility for the accuracy of the CUSIP data.

FRUITVALE SCHOOL DISTRICT
(Kern County, California)

DISTRICT ADMINISTRATION

Dr. Mary Westendorf, *Superintendent*
Kim Carlson, *Assistant Superintendent*
Rebecca Thomas, *Chief Business Officer*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Fieldman Rolapp & Associates, Inc.
Irvine, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

Zions Bancorporation, National Association
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 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 Purchaser.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Purchaser 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 Purchaser.

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 Purchaser. The Purchaser has provided the following statement for inclusion in this Official Statement: The Purchaser 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 Purchaser does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Purchaser may overallot or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Purchaser may discontinue such market stabilization at any time. The Purchaser 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 Purchaser.

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 County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

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

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$12,500,000*
FRUITVALE SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds
Election of 2016, Series B

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 Fruitvale 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 Fruitvale School District encompasses a 10-square mile area in the northwestern area of the City of Bakersfield (the "**City**") and unincorporated Kern County (the "**County**") in California (the "**State**"). Established in 1895, the District serves a population of approximately 23,000 residents and includes Columbia Elementary School, Discovery Elementary School, Endeavour Elementary School, Quailwood Elementary School and Fruitvale Junior High School. Total enrollment is approximately 3,224 students for the 2019-20 school year.

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

Purpose of Issue. The net proceeds of the Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District at an election held on November 8, 2016 (the **"Bond Election"**). See "THE BONDS - Purpose of Issue" herein.

Authority for Issuance of the Bonds. Issuance of the Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election to authorize $23 million of general obligation bonds, and will be issued pursuant to certain provisions of the Government Code of the State and a resolution adopted by the Board of Trustees of the District on Tuesday, April 14, 2020 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Description of the Bonds. The Bonds will be issued as current interest bonds. The Bonds 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 Bonds will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2020. See "THE BONDS – Description of the Bonds" herein.

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* *Preliminary; subject to change.*

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 the 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. 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 County. The County 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 with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS."

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. Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

Tax Matters. In the opinion of 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. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. 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 municipal bond insurance for the Bonds, and obtaining an insurance policy, if any, will be at bidder's option. See "BOND INSURANCE."

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of a continuing disclosure certificate (the "**Continuing Disclosure Certificate**"), the form of which 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 at 7311 Rosedale Hwy., Bakersfield, CA 93308, Telephone: (661) 589-3830. The District may impose a charge for copying, mailing and handling.

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, commencing with Section 53506 thereof, and the Bond Resolution. The District received authorization by more than the requisite 55% of District voters at the Bond Election to issue general obligation bonds in a principal amount of $23,000,000 (the "**2016 Authorization**").

On February 1, 2018, the District issued its $8,500,000 aggregate principal amount of General Obligation Bonds Election of 2016, Series A (the "**Series 2016A Bonds**") pursuant to the 2016 Authorization. Following the issuance of the Bonds, there will be $2,000,0000* of unused authorization remaining under the 2016 Authorization.

Purpose of Issue

Proceeds of the Bonds will be used for the purposes specified in the ballot measure approved by the District's voters on November 8, 2016, the abbreviated text of which appeared on the ballot as follows:

> *"In order to repair aging, outdated classrooms and school buildings; upgrade classrooms, labs, and computer systems to keep pace with instructional technology; improve student safety and campus security, and provide students access to the education, technology and facilities they need to succeed in high school, college and careers, shall the Fruitvale School District issue $23 million in bonds at legal interest rates, with citizen oversight, no money for administrator salaries, and all money locally-controlled?"*

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 types of 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 2016 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Bonds

The Bonds are being issued as current interest bonds. The Bonds mature in the years and in the amounts set forth on the inside cover page hereof. 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. See "Book-Entry Only System" and APPENDIX F.

The Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2020 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof

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* *Preliminary; subject to change.*

unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2020, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by Zions Bancorporation, National Association, 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.

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 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 any other action premised on such notice. See APPENDIX F.

The Paying Agent, the District, and the Purchaser 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, 2030 are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2031 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, 2030, 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.

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* *Preliminary; subject to change.*

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2047 (the **"Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Term Bonds Maturing August 1, 2047

Redemption Date (August 1)	**Sinking Fund Redemption**
2045	$1,020,000
2046	1,100,000
2047 (maturity)	1,190,000

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. Such notice may be a conditional notice of redemption and subject to rescission as set forth below.

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; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Los Angeles, California for a like aggregate principal amount of 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 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 County 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.

DEBT SERVICE SCHEDULES

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

Fruitvale School District
General Obligation Bonds
Election of 2016, Series B
Debt Service Schedule

Bond Year Ending (August 1)	Principal	Interest	Total Annual Debt Service
2020			
2021			
2022			
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2044			
2045			
2046			
2047			
TOTAL			

Combined General Obligation Bonds. The following table shows the combined annual debt service schedule with respect to all outstanding general obligation bonds of the District secured by *ad valorem* taxes, assuming no optional redemptions. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations" for additional information.

Bond Year Ending August 1	Election of 2006, Series B (1)	2011 Refunding Bonds	2015 Refunding Bonds	Series 2016A Bonds	The Bonds	Total Debt Service
2020	$375,000.00	$686,118.76	$694,518.76	$709,925.00		
2021	415,000.00	160,918.76	699,768.76	729,175.00		
2022	459,673.50	161,693.76	702,768.76	366,425.00		
2023	505,749.60	156,968.76	709,768.76	380,675.00		
2024	555,750.50	152,075.00	705,518.76	398,925.00		
2025	600,000.00	162,012.50	715,518.76	410,925.00		
2026	653,606.70	161,200.00	719,018.76	286,925.00		
2027	712,457.20	--	715,368.76	298,675.00		
2028	771,423.20	--	716,418.76	309,675.00		
2029	830,000.00	--	717,018.76	319,925.00		
2030		--	1,492,168.76	334,425.00		
2031		--	1,548,618.76	342,925.00		
2032		--	1,612,218.76	355,675.00		
2033		--	1,677,668.76	372,425.00		
2034		--	527,825.00	384,825.00		
2035		--	531,737.50	401,425.00		
2036		--	--	419,375.00		
2037		--	--	431,575.00		
2038		--	--	448,175.00		
2039		--	--	469,025.00		
2030		--	--	488,556.26		
2041		--	--	507,150.00		
2042		--	--	524,806.26		
2043		--	--	546,525.00		
2044		--	--	567,150.00		
2045		--	--	591,062.50		
2046		--	--	613,675.00		
2047		--	--	634,987.50		
Total	$5,878,660.70	$1,640,987.54	$14,485,925.14	$12,645,012.52		

(1) Reflects maturity value of capital appreciation bonds.

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	
[Net] Original Issue [Premium]/[Discount]	
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, Purchaser's discount, bond insurance premium, if any, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Paying Agent, and the rating agency.

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 County. The County is empowered and is 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 the District and 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 County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund for the Bonds, which is maintained by the 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 County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

Statutory Lien on Ad Valorem Tax Revenues. In accordance with Section 53515 of the California Government Code, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem tax imposed to service the Bonds. This lien automatically arises without the need for any action or authorization by the District or the Board. The revenues received pursuant to the levy and collection of the ad valorem tax shall be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the 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 County 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 Conditions. Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION – Assessed Valuations

– Factors Relating to Increases/Decreases in Assessed Value." See also "— COVID-19 Global Pandemic."

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Bond Resolution and known as the "Fruitvale School District, Election of 2016, 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 remains 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

Amounts to pay debt service on the Bonds will be held in the fund created and established in the Bond Resolution and known as the "Fruitvale School District, Election of 2016, 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 the County. All taxes levied by the County 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 the County promptly upon the receipt. 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. The 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, the 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

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

COVID-19 Global Pandemic

Background. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (**"COVID-19"**), which was first detected in China and has spread to other countries, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United States (the "**President**") and a state of emergency by the Governor of the State (the "**Governor**"). There has been tremendous volatility in the markets in the United States and globally, resulting in significant declines and speculation of a national and global recession.

The President's declaration of a national emergency on March 13, 2020 made available more than $50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by the President on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 27, 2020, the United States Congress passed a $2 trillion relief package, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the **"CARES Act"**). The package includes direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, $367 billion for loans to small businesses, a $500 billion fund to assist distressed large businesses, including approximately $30 billion to provide emergency grants to educational institutions and local educational agencies. This funding allocation includes approximately $13.5 billion in formula funding to make grants available to each state's educational agency in order to facilitate K-12 schools' responses to the COVID-19 crisis.

At the State level, on March 16, 2020, the State legislature approved $1.1 billion in emergency funds in response to the COVID-19 crisis. On March 19, 2020, the Governor issued a shelter-in-place order, Executive Order N-33-20, ordering all California residents to stay home except to get food, care for a relative, get necessary healthcare or go to an essential job. The stay at home order went into effect immediately and will stay in effect until further notice.

Impacts on Global and Local Economies; Potential Declines in State Revenues. The COVID-19 public health emergency is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies, including the economy of the State. Under the 2019-20 State Budget (defined below) approximately 70% of the State's general fund revenue is projected to be derived from personal income tax receipts. Additionally, capital gains tax receipts are budgeted to account for about 10% of such receipts in fiscal year 2019-20. California's Legislative Analyst's Office has subsequently published reports anticipating that the economic uncertainty caused by the outbreak will significantly affect California's near-term fiscal outlook, including lower capital gains-related tax revenue due to the volatility in the financial markets, and the likelihood that a recession is forthcoming due to pullback in activity across wide swaths of the economy. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - LAO Fiscal Perspective Reports."

Suspension of Classroom Instruction; Unanticipated Costs. The Governor's shelter in place order has suspended classroom instruction indefinitely throughout California schools, with school districts undertaking distance learning efforts to provide continuing instruction to students. On March 13, 2020, the Governor signed Executive Order N-26-20 ordering that school districts closing in order to address COVID-19 will, subject to certain conditions, continue to receive state funding to support distance learning or independent study, to continue to provide subsidized school meals to low-income students, to continue to pay school district employees, and, to the extent practicable, to provide for supervision of students during school hours. Additionally, State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, federal funding to school districts may be available under the CARES Act as a result of the COVID-19 emergency. On April 1, 2020, the County's Office of Education recommended that all school districts in the County remain closed for the remainder of the school year.

See APPENDIX A under the heading "DISTRICT FINANCIAL INFORMATION – Education Funding Generally.

On March 17, 2020, Senate Bill 89 ("**SB 89**") and Senate Bill 117 ("**SB 117**") were signed by the Governor, both effective immediately. SB 89 appropriates $500 million from the State general fund for any purpose related to the Governor's emergency proclamation. SB 117, among other things, (i) specifies that for school districts that comply with Executive Order N–26–20, the ADA reported to the State Department of Education for the second period and the annual period for apportionment purposes for the 2019-20 school year will only include all full school months from July 1, 2019 through February 29, 2020, (ii) prevents the loss of funding related to an instructional time penalty by deeming the instructional requirements to have been met during the period of time the school was closed due to COVID–19, (iii) requires a school district to be credited with the ADA it would have received had it been able to operate its After School Education and Safety Program during the time the school was closed due to COVID–19, and (iv) appropriates $100 million from the State general fund to the State Superintendent to be apportioned to certain local educational agencies for purposes of purchasing personal protective equipment, or paying for supplies and labor related to cleaning school sites.

The District is unable predict all of the possible impacts that the COVID-19 emergency might have on its finances or programs, including on global, national, State and local economies and property values.

General Obligation Bonds Secured by* Ad Valorem *Tax Revenues. Notwithstanding the impacts the COVID-19 may have on the economy in the State and the District or on the District's revenues, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District. See "SECURITY FOR THE BONDS – *Ad Valorem* Taxes."

PROPERTY TAXATION

Property Tax Collection Procedures

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

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

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. 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 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for 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.

COVID-19 and Property Tax Deadlines. On April 4, 2020, the California Association of Counties announced that the April 10 property tax deadline will not be delayed. However, counties in the State will use their authority to cancel penalties and other charges for property owners unable to pay their property taxes due to circumstances caused by COVID-19. Property owners who are able to timely pay are still required to do so. The District is currently unable to predict the impact that a delay in property tax receipts following the April 10 deadline or any future deadline may have on the City's finances or operations.

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.

Assessed Valuation

The assessed valuation of property in the District is established by the assessor of the County, 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.

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

FRUITVALE SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2004-05 through 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2004-05	$1,459,680,307	$331,510	$154,167,807	$1,614,179,624	--%
2005-06	1,657,403,380	338,019	157,558,903	1,815,300,302	12.5
2006-07	1,946,635,226	316,601	189,555,449	2,136,507,276	17.7
2007-08	2,219,088,537	--	194,751,176	2,413,839,713	13.0
2008-09	2,346,324,792	--	232,083,719	2,578,408,511	6.8
2009-10	2,331,330,443	--	269,023,056	2,600,353,499	0.9
2010-11	2,275,458,122	--	226,384,133	2,501,842,255	(3.8)
2011-12	2,196,039,798	--	236,602,165	2,432,641,963	(2.8)
2012-13	2,311,877,276	--	241,819,409	2,553,696,685	5.0
2013-14	2,339,835,522	--	241,822,202	2,581,657,724	1.1
2014-15	2,470,572,675	--	298,769,580	2,769,342,255	7.3
2015-16	2,585,716,530	--	311,849,605	2,897,566,135	4.6
2016-17	2,655,971,900	--	269,653,232	2,925,625,132	1.0
2017-18	2,730,326,352	--	228,254,193	2,958,580,545	1.1
2018-19	2,925,137,004	--	234,284,220	3,159,421,224	6.8
2019-20	2,968,559,077	--	259,693,747	3,228,252,824	2.2

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation 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.

In addition, wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. 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, but the recent natural disasters do not include territory within the District's boundaries.

See also "SECURITY FOR THE BONDS – Coronavirus Global Pandemic." The District cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides, pandemics or any other natural 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 had on economic activity in the District or throughout the State.

See also "SECURITY FOR THE BONDS – COVID-19 Global Pandemic."

A State constitutional amendment designated as the California Schools and Local Community Funding Act of 2020, has qualified by initiative for the November 3, 2020 ballot which, if approved by State voters by majority vote, would amend the State Constitution to change to a split roll approach to determine property values for purposes of property taxation. If approved, the State Constitution will be amended to provide for the reassessment to fair market value of certain commercial and industrial real properties every three years, overriding the current two percent limitation on annual assessment increases until a property changes ownership. The resulting increases in property tax revenues would be allocated among local public agencies. The District cannot predict if such initiative will be successful or the impact it might have on assessed values in the District.

Assessed Valuation by Jurisdiction. The following table sets forth assessed valuation in the District by jurisdiction.

FRUITVALE SCHOOL DISTRICT
Assessed Valuations by Jurisdiction
Fiscal Year 2019-20

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Bakersfield	$2,524,188,148	78.19%	$31,249,303,949	8.08%
Unincorporated Kern County	704,064,676	21.81	$54,527,229,837	1.29%
Total District	$3,228,252,824	100.00%		
Kern County	$3,228,252,824	100.00%	$95,585,295,862	3.38%

Source: California Municipal Statistics, Inc.

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 residential property.

FRUITVALE SCHOOL DISTRICT
Local Secured Property 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
Commercial/Office	$ 920,523,939	31.01%	509	6.73%
Vacant Commercial	51,659,271	1.74	161	2.13
Industrial	396,849,063	13.37	322	4.26
Vacant Industrial	18,794,087	0.63	49	0.65
Recreational	16,587,590	0.56	13	0.17
Miscellaneous	38,057,537	1.28	113	1.49
Government/Institutional	10,469,759	0.35	293	3.87
Subtotal Non-Residential	$1,452,941,246	48.94%	1,460	19.30%
Residential:				
Single Family Residence	$1,235,942,532	41.63%	5,314	70.24%
Condominium/Townhouse	33,007,970	1.11	217	2.87
Mobile Home	1,069,787	0.04	112	1.48
Mobile Home Park	7,840,870	0.26	4	0.05
2-4 Residential Units	113,187,715	3.81	256	3.38
5+ Residential Units/Apartments	122,527,777	4.13	163	2.15
Vacant Residential	2,041,180	0.07	40	0.53
Subtotal Residential	$1,515,617,831	51.06%	6,106	80.70%
Total	$2,968,559,077	100.00%	7,566	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, including the median and average assessed value of single family parcels in the District.

FRUITVALE 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	5,314	$1,235,942,532	$232,582	$227,476

2019-20 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	12	0.226%	0.226%	$ 222,900	0.018%	0.018%
$25,000 - $49,999	32	0.602	0.828	1,226,669	0.099	0.117
$50,000 - $74,999	35	0.659	1.487	2,173,981	0.176	0.293
$75,000 - $99,999	49	0.922	2.409	4,233,795	0.343	0.636
$100,000 - $124,999	82	1.543	3.952	9,366,521	0.758	1.394
$125,000 - $149,999	270	5.081	9.033	37,803,480	3.059	4.452
$150,000 - $174,999	577	10.858	19.891	94,235,746	7.625	12.077
$175,000 - $199,999	781	14.697	34.588	146,065,360	11.818	23.895
$200,000 - $224,999	716	13.474	48.062	152,239,560	12.318	36.213
$225,000 - $249,999	971	18.272	66.334	230,564,491	18.655	54.868
$250,000 - $274,999	654	12.307	78.641	170,737,069	13.814	68.682
$275,000 - $299,999	380	7.151	85.792	108,602,049	8.787	77.469
$300,000 - $324,999	261	4.912	90.704	81,066,153	6.559	84.028
$325,000 - $349,999	172	3.237	93.941	57,785,911	4.675	88.703
$350,000 - $374,999	114	2.145	96.086	41,181,816	3.332	92.035
$375,000 - $399,999	71	1.336	97.422	27,500,641	2.225	94.261
$400,000 - $424,999	38	0.715	98.137	15,567,880	1.260	95.520
$425,000 - $449,999	19	0.358	98.495	8,242,466	0.667	96.187
$450,000 - $474,999	13	0.245	98.739	5,991,335	0.485	96.672
$475,000 - $499,999	11	0.207	98.946	5,426,649	0.439	97.111
$500,000 and greater	56	1.054	100.000	35,708,060	2.889	100.000
	5,314	100.000%		$1,235,942,532	100.000%	

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

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed 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.

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, adjusted for inflation, 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.

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. 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.

Tax Levies and Delinquencies

The District's total secured tax collections and delinquencies are apportioned on a County-wide basis according to the District's designated tax rate amount. Therefore, the total secured tax levies, as well as collections and delinquencies reported, do not represent the actual secured tax levies, collections and delinquencies of tax payers within the tax areas of the District. In addition, the District's total secured tax levy does not include special assessments, supplemental taxes or other charges which have been assessed on property within the District or other tax rate areas of the County.

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the **"Teeter Plan"**) as provided for in the State Revenue and Taxation Code, which requires the County to pay 100% of secured property taxes due to local agencies in the fiscal year such taxes are due. Under these provisions, each county operating under the Teeter Plan establishes a delinquency reserve and assumes responsibility for all secured delinquencies, assuming that certain conditions are met.

Because of this method of tax collection, the K-12 districts located in counties operating under the Teeter Plan and participating in the Teeter Plan are assured of 100% collection of their secured tax levies if the conditions established under the applicable county's Teeter Plan are met. However, such districts are no longer entitled to share in any penalties due on delinquent payments or in the interest which accrues on delinquent payments.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors has received a petition for its discontinuance joined in by resolutions adopted by two thirds of the participating revenue districts in the County, in which event the Board of Supervisors is required to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The District is not aware of any plan for the discontinuation of the Teeter Plan in the County.

The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. In the event that the Teeter Plan was terminated, the amount of the levy of *ad valorem* taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

So long as the Teeter Plan remains in effect with respect to the District, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County.

Property Tax Collections

The following table shows a recent history of tax charges, collections and delinquencies for secured property in the District and typical tax rates for property within the District.

FRUITVALE SCHOOL DISTRICT
Secured Tax Charges and Delinquencies [(1)]
Fiscal Years 2012-13 through 2018-19

	Secured Tax Charge [(2)]	Amt. Del. June 30	% Del. June 30
2012-13	$1,386,819	$12,709	0.92%
2013-14	1,754,956	9,325	0.53
2014-15	1,662,304	14,377	0.86
2015-16	1,734,530	12,790	0.74
2016-17	1,671,593	13,695	0.82
2017-18	1,785,432	11,702	0.66
2018-19	2,679,219	45,961	1.72

	Secured Tax Charge [(3)]	Amt. Del. June 30	% Del. June 30
2012-13	$3,570,096	$46,453	1.30%
2013-14	3,505,501	44,896	1.28
2014-15	3,763,837	48,531	1.29
2015-16	3,866,656	48,422	1.25
2016-17	3,946,197	54,148	1.37
2017-18	4,016,345	47,876	1.19
2018-19	4,299,935	54,841	1.28

(1) Kern County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the county retaining all penalties and interest.
(2) District's general obligation bond debt service levy.
(3) 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a representative tax rate area during fiscal years 2015-16 through 2019-20.

FRUITVALE SCHOOL DISTRICT
Typical Total Tax Rates (TRA 1-221)[(1)]
Per $100 Assessed Value
Fiscal Year 2015-16 through 2019-20

	2015-16	2016-17	2017-18	2018-19	2019-20
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Kern County Water Agency	.053705	.058505	.078509	.070662	.081159
Fruitvale School District	.059099	.051633	.053412	.073128	.052514
Kern High School District	.032389	.025969	.053319	.051182	.053189
Kern Community College District SRID	.013571	.013180	.014412	.012338	.014243
Kern Community College District SFID	-	-	.021837	.021330	.018785
Total Tax Rate	$1.158764	$1.149287	$1.221489	$1.228640	$1.219890

(1) 2019-20 assessed valuation of TRA 1-221 is $729,407,245, which is 22.59% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

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.

FRUITVALE SCHOOL DISTRICT
Top 20 Secured Property Taxpayers
Fiscal Year 2019-20

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total (1)
1.	Ensign United States Drilling (CA) Inc.	Industrial	$139,875,646	4.71%
2.	BLC Glenwood Gardens AL LP	Skilled Nursing Facility	41,603,025	1.40
3.	Meany Partners LLC	Apartments	40,000,000	1.35
4.	Tricor Energy LLC	Oil & Gas Production	33,532,111	1.13
5.	Rosedale Bakersfield Retail VI LLC	Commercial	32,226,356	1.09
6.	Alon Bakersfield Property Inc.	Refinery	25,318,083	0.85
7.	Riverlakes Station LLC	Shopping Center	25,297,632	0.85
8.	Camp-Tenneco	Shopping Center	23,803,423	0.80
9.	Northwest Target LLC	Commercial	22,083,556	0.74
10.	Foxcreek Properties LLC	Shopping Center	19,257,205	0.65
11.	Plaza at Riverlakes Partners LLC	Commercial	19,066,566	0.64
12.	Easiness LP	Hotel	18,393,919	0.62
13.	Northwest Promenade LLC	Commercial	18,268,947	0.62
14.	Riverlakes Prop LLC	Apartments	17,925,075	0.60
15.	MPCW Stockdale Owner LLC	Commercial	17,032,387	0.57
16.	Bakersfield Scenic River LLC	Apartments	16,636,403	0.56
17.	Hopper Prop LP	Commercial	16,188,452	0.55
18.	Stone Creek Lodging LP	Hotel	14,858,091	0.50
19.	Target Corporation	Commercial	14,790,562	0.50
20.	JP CP Dev Inc.	Residential Properties	14,413,461	0.49
			$570,570,900	19.22%

(1) 2019-20 local secured assessed valuation: $2,968,559,077.
Source: California Municipal Statistics, Inc.

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 April 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.

FRUITVALE SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of April 1, 2020)

2019-20 Assessed Valuation: $3,228,252,824

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 4/1/20**
Kern Community College District SFID No. 1	3.482%	$ 2,626,473
Kern Community College District Safety & Repair Improvement District	3.503	4,127,798
Kern High School District	5.467	14,933,177
Fruitvale School District	**100.000**	**22,251,312**(1)
City of Bakersfield 1915 Act Bonds	3.969	255,008
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$44,193,768
OVERLAPPING GENERAL FUND DEBT:		
Kern County Certificates of Participation	3.377%	$ 2,898,155
Kern County Pension Obligation Bonds	3.377	6,073,921
Kern County Board of Education Certificates of Participation	3.377	1,219,604
Kern Community College District Certificates of Participation	3.145	906,546
Kern Community College District Benefit Obligations	3.145	2,413,945
Kern High School District Certificates of Participation	5.467	4,551,824
City of Bakersfield General Fund Obligations	8.078	474,582
TOTAL OVERLAPPING GENERAL FUND DEBT		$18,538,577
COMBINED TOTAL DEBT		$62,732,345 (2)

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($22,251,312).. 0.69%
Total Direct and Overlapping Tax and Assessment Debt 1.37%
Combined Total Debt 1.94%

(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.

BOND INSURANCE

The District has applied for municipal bond insurance for the Bonds, and obtaining an insurance policy, if any, will be at bidder's option.

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 opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (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. 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.

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.

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 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.

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

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, and Fieldman Rolapp & Associates, Inc., as financial advisor to the District, are contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Bonds, and covenant 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 Purchaser of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District is subject to existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of other outstanding obligations. See APPENDIX A under the heading "DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations." In the previous five years, the District failed to timely file notice of certain rating changes.

In order to assist it in complying with its undertakings pursuant to the Rule, the District has engaged Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, to serve as its dissemination agent in order to ensure compliance with its continuing disclosure undertakings.

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

RATING

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

COMPETITIVE SALE OF BONDS

The Bonds were sold following a competitive bidding process, and were awarded to the purchaser identified in the following paragraph, whose proposal represented the lowest true interest cost for the Bonds as determined in accordance with the Official Notice of Sale. The following is the purchase price for the Bonds:

___________ (the "**Purchaser**"), has agreed to purchase the Bonds at a price of $____________, which is equal to the initial principal amount of the Bonds of $____________ plus a [net] original issue premium of $_______________, less a Purchaser's discount of $____________.

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

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 Purchaser and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

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

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

EXECUTION

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

FRUITVALE SCHOOL DISTRICT

By: ______________________________________
Superintendent

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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 County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the Official Statement.

General Information

The Fruitvale School District encompasses a 10-square mile area in the northwestern area of the City of Bakersfield (the "**City**") and unincorporated Kern County (the "**County**") in California (the "**State**"). Established in 1895, the District serves a population of approximately 23,000 residents and includes Columbia Elementary School, Discovery Elementary School, Endeavour Elementary School, Quailwood Elementary School and Fruitvale Junior High School. Total enrollment is approximately 3,224 students for the 2019-20 school year. For demographic information about the City and County, see APPENDIX C to the Official Statement.

See also APPENDIX C hereto for demographic and other statistical information regarding the City and County.

Administration

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

Name	Office	Term Expires
William Jager	President	December 2020
Tina Stout	Clerk	December 2022
Andrew Bransby	Member	December 2020
Stan Greene	Member	December 2020
Richard Traynor	Member	December 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. Dr. Mary Westendorf serves as Superintendent of the District, Kim Carlson serves as the Assistant Superintendent, and Rebecca Thomas serves as the Chief Business Officer.

Recent Enrollment Trends

The following table shows a recent history and budgeted enrollment for the District, which does not include charter school enrollment.

ANNUAL ENROLLMENT
Fiscal Years 2007-08 through 2019-20
Fruitvale School District

Fiscal Year	Student Enrollment	% Change
2007-08	3,151	--
2008-09	3,237	2.7%
2009-10	3,219	(0.6)
2010-11	3,259	1.2
2011-12	3,315	1.7
2012-13	3,285	(0.9)
2013-14	3,313	0.9
2014-15	3,259	(1.6)
2015-16	3,237	(0.7)
2016-17	3,211	(0.8)
2017-18	3,240	0.9
2018-19	3,184	(1.7)
2019-20(1)	3,224	1.3

(1) Budgeted.
Source: California Department of Education for 2007-08 through 2018-19; Fruitvale School District for 2019-20.

Employee Relations

The District has 153.3 certificated full-time equivalent ("**FTE**") employees, 82.1 classified FTE employees, and 21.0 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
Fruitvale School District

Employee Group	Representation	Contract Expiration Date
Certificated	Fruitvale Teachers' Association	June 30, 2020
Classified	California School Employees' Association	June 30, 2020

Source: Fruitvale School District.

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 average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues. 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 was 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 (3.70%)	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 Linger, Peterson & Shrum, Fresno, California and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business Officer of the District. 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)
Fruitvale School District [(1)]

Revenues	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18	Audited 2018-19
LCFF Sources	$21,532,651	$23,528,649	$24,811,269	$25,416,534	$27,338,422
Federal revenues	1,075,562	1,140,827	1,060,865	1,095,369	1,273,304
Other State Revenues	1,477,665	3,492,852	3,352,290	2,965,581	4,056,935
Other local revenues	1,818,299	2,041,511	2,115,975	2,192,629	2,215,991
Total revenues	25,904,177	30,203,839	31,340,399	31,670,113	34,884,614
Expenditures					
Instruction	17,596,426	18,589,437	19,606,750	20,061,192	21,739,303
Instruction-Related Services:			2,012,084	1,944,260	2,288,516
Supervision of Instruction	465,212	504,117	--	--	--
Instructional library, media and tech.	157,516	169,224	--	--	--
School site administration	1,146,273	1,228,317	--	--	--
Pupil Services:			1,979,218	2,119,748	2,497,609
Home-to-school transportation	535,677	573,195	--	--	--
Food services	1,924	2,513	--	--	--
All other pupil services	1,225,484	1,357,700	--	--	--
Enterprise	--	--	--	--	25,992
Administration:			1,790,382	1,929,323	2,258,743
Data processing	403,735	479,257	--	--	--
All other administration	1,238,821	1,336,574	--	--	--
Plant Services	2,747,901	2,934,411	3,029,413	3,153,810	3,604,022
Facility acquisition and construction	167,587	488,427	--	--	--
Community services	--	--	--	--	--
Other outgo	376,630	735,490	495,323	637,713	1,716,216
Capital outlay	--	--	666,540	1,417,758	398,313
Debt service-principal	--	--	--	--	--
Debt service-interest	--	--	--	--	--
Total expenditures	26,063,186	28,398,662	29,579,710	31,263,804	34,528,714
Excess of revenues over/(under) Expenditures	(159,009)	1,805,177	1,760,689	406,309	355,900
Other Financing Sources (Uses)					
Operating transfers in	--	--	--	250,403	--
Operating transfers out	--	--	--	(250,403)	(85,222)
Total other financing sources (Uses)	--	--	--	--	(85,222)
Net change in fund balance	(159,009)	1,805,177	1,760,689	406,309	270,678
Fund balance, July 1	5,083,463	4,924,454	6,729,631	8,490,320	8,896,629
Fund balance, June 30	$4,924,454	$6,729,631	$8,490,320	$8,896,629	$9,167,307

(1) Figures may not sum to totals due to rounding.
Source: Fruitvale School District Audit Reports.

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 Kern County Superintendent of Schools (the **"County Superintendent"**).

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 and Interim 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.

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

FRUITVALE SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2019-20 (Adopted Budget and Second Interim Projections)

Revenues	**Adopted Budget 2019-20**	**Second Interim 2019-20**
Total LCFF Sources	$27,733,450	$27,905,838
Federal Revenues	1,155,983	1,337,544
Other state revenues	2,066,078	3,008,512
Other local revenues	2,005,103	2,110,301
Total Revenues	32,960,614	34,362,195
Expenditures		
Certificated Salaries	14,388,951	14,696,253
Classified Salaries	3,807,951	4,100,006
Employee Benefits	9,113,446	9,769,228
Books and Supplies	1,432,424	1,657,613
Services and Other Operating Expenditures	2,807,523	2,861,864
Capital Outlay	358,609	690,996
Other Outgo (excluding transfers of indirect costs)	1,132,661	1,008,169
Other Outgo	--	--
Total Expenditures	33,041,965	34,784,129
Excess of Revenues Over/(Under) Expenditures	(81,351)	(421,934)
Other Financing Sources (Uses)		
Operating transfers in	--	--
Operating transfers out	(88,150)	(88,150)
Other sources	--	169,444
Contributions	--	--
Total Other Financing Sources (Uses)	(88,150)	81,294
Net change in fund balance	(169,501)	(340,640)
Fund Balance, July 1	8,630,443	8,353,273
Fund Balance, June 30 [1]	$8,460,942	$8,012,633

(1) Fund balances do not reflect all funds included in the District's general fund revenues shown above.
Source: Fruitvale School District Adopted Budget and Second Interim Report for 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 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District has a board-adopted policy of maintaining an unrestricted reserve of 10% of expenditures.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget (**"SB 858"**), the Education Code was amended to provide that, beginning in fiscal year 2015-16, if a district's proposed budget includes a local reserve above the minimum recommended level, the governing board must provide the information for review at the annual public hearing on its proposed budget. In addition, SB 858 included a provision, which became effective upon the passage of Proposition 2 at the November 4, 2014 statewide election, which limits the amount of reserves which may be maintained at the 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 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 2013-14 through 2019-20 (budgeted).

FRUITVALE SCHOOL DISTRICT
ADA and LCFF Funding
Fiscal Years 2013-14 through 2019-20 (Budgeted)

Fiscal Year	ADA	LCFF Funding Per ADA
2013-14	3,198	$6,114
2014-15	3,140	6,858
2015-16	3,132	7,512
2016-17	3,128	7,932
2017-18	3,128	8,125
2018-19	3,062	8,927
2019-20 (1)	3,077	9,069

(1) Second Interim Projection.
Source: California Department of Education; Fruitvale 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 is approximately 50% for purposes of calculating supplemental and concentration grant funding under LCFF.

Possible Impacts of COVID-19. As described herein, the short-term and long-term impact of COVID-19 on the District's attendance, revenues and local property values cannot be predicted. The Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY FOR THE BONDS – COVID-19 Global Pandemic."

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 Purchaser.*

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
Fruitvale School District
Fiscal Years 2013-14 through 2019-20 (Projected)

Fiscal Year	Amount
2013-14	$970,185
2014-15	1,120,961
2015-16	1,442,426
2016-17	2,255,810
2017-18	2,700,624
2018-19	4,457,577
2019-20 (1)	3,840,707

(1) Second Interim Projection.
Source: Fruitvale 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
Fruitvale School District
Fiscal Years 2013-14 through 2019-20 (Projected)

Fiscal Year	Amount
2013-14	$354,438
2014-15	399,496
2015-16	425,792
2016-17	426,977
2017-18	509,947
2018-19	981,457
2019-20 [1]	947,762

(1) Second Interim Projection.
Source: Fruitvale School District.

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

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

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

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, 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.

<u>COVID-19 Impacts</u>: Recent investment losses in the PERS and STRS portfolios as a result of the general market downturn caused by the COVID-19 outbreak may result in increases in the District's required contributions in future years. The District cannot predict the level of such increases, if any.

Additional Information. Additional information regarding the District's retirement programs is available in Note J 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 Purchaser for accuracy or completeness.*

Other Post-Employment Retirement Benefits

Plan Description. The District provides certain postemployment healthcare benefits (the "**OPEB Plan**") to all employees who retire from the District on or after attaining age 55, with at least 13 years of service for certificated employees hired before fiscal year 1985-86 and others hired before fiscal year 1989-90. The District pays 100% of the medical insurance premium until age 65. The amount paid by the District will be the same prorated percentage as was paid for the employee at the time of retirement. Certificated and administrative employees who are at least 55 years of age and who have 20 or more years of service will have their premiums paid for life. Membership of the OPEB Plan consists of 29 retirees and beneficiaries currently receiving benefits and 250 active plan members.

Assumed Asset Allocation. The OPEB plan is associated with a trust. The assumed asset allocation of the plan's portfolio and the long-term expected rates of return are as follows.

Assumed Asset Allocation
Fruitvale School District

Asset Class	Assumed Allocation
Cash / money market	0.85%
Fixed income	16.98
Large cap securities	26.21
Mid cap securities	8.88
Small cap securities	8.47
International securities	11.79
Commodities / natural resources	3.12
Emerging market securities	6.02
Other	17.68
	100.00%

Source: Fruitvale School District.

The expected real rate of return for each major asset class was not available. However, in aggregate, the expected real rate of return is 3.01%, based on historical experience. The District does not have a formalized plan to contribute to the trust, nor is contractually required to contribute to the trust, therefore, assumptions made about projected cash flows for contributions were not used, as expectations regarding those contributions is not readily determinable.

Benefits Provided. The OPEB Plan provides medical insurance benefits through the Self-Insured Schools of California. For specific benefits provided and eligibility requirements for the benefits, see "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDING JUNE 30, 2019 - Note N- Other Postemployment Benefits."

Actuarial Assumptions and Other Inputs. The District's total OPEB liability of $6,984,374 was measured as of June 30, 2019 and was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation 2.75%, salary increases 2.75% per year, discount rate 3.50%, and healthcare cost trend rates 4.00% per year. The discount rate was based on the Bond Buyer 20-Bond General Obligation Index. Mortality rates were based on the 2014 CalPERS Active Mortality for Miscellaneous Employees Table.

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
Fruitvale School District

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018	$6,984,374	$250,000	$6,734,374
Changes for the Year:			
Service Cost	316,232	--	316,232
Interest	258,929	--	258,929
Assumption changes	157,135	--	157,135
Contributions	--	236,069	(236,069)
Expected investment income	--	(5)	5
Experience gains/losses	(987,042)	--	(987,042)
Investment gains/losses		15,916	(15,916)
Benefit payments	(236,069)	(236,069)	--
Administrative expenses		(250)	250
Other adjustments	(210,542)	1,985	(212,527)
Net changes	(701,357)	17,646	(719,003)
Balance at June 30, 2019	$6,283,017	$267,646	$6,015,371

Source: Fruitvale School District Audit Report.

There were no changes in benefit terms for the fiscal year ended June 30, 2019. The interest assumption changed from 3.8% to 3.50%. There were no changes to any other inputs or assumptions.

OPEB Expense. For the year ended June 30, 2019, the District recognized an OPEB expense of $495,701.

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.

Insurance – Joint Powers Agreement

The District participates in four joint ventures under joint powers agreements with the following joint powers authorities ("**JPAs**"): Schools Legal Services (legal services), Self-Insured Schools of California I, Self-Insured Schools of California II and Self-Insured Schools of California III. The relationship between the District and the JPA's is such that the JPA's are not component units of the District for financial reporting purposes.

The JPAs provide insurance and services as noted for member school districts. Each JPA is governed by a board consisting of a representative from each member district. Such governing board controls the operations of its JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond representation on the governing board. Each district pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA. Each JPA is independently accountable for its fiscal matters, and maintains its own accounting records. The District's share of year-end assets, liabilities, or fund equity has not been calculated by the entities. Condensed financial information for the above JPAs for the year ended June 30, 2019 was not available as of the audit report date. Separately issued financial statements can be requested from each JPA.

Existing Debt Obligations

General Obligation Bonds. The District has previously issued general obligation bonds and general obligation refunding bonds secured by *ad valorem* taxes levied and collected within the District, on a parity basis with the Bonds. The following table shows the outstanding principal amount of general obligation bonded debt of the District as of December 1, 2019. See also "DEBT SERVICE SCHEDULES" and in Note I of the District's Audited Financial Statement for year Ended June 30, 2019, attached hereto as Appendix B.

GENERAL OBLIGATION BONDS
Fruitvale School District

Dated Date	Series	Amount of Original Issue	Outstanding as of April 1, 2020
11/13/2008	General Obligation Bonds, Election of 2006, Series B	$6,871,159	$1,961,312
11/04/2011	2011 General Obligation Refunding Bonds	7,715,000	1,470,000
10/29/2015	2015 General Obligation Refunding Bonds	12,290,000	10,890,000
02/01/2018	General Obligation Bonds, Election of 2016, Series A	8,500,000	7,930,000
	Total	**$35,376,159**	**$22,351,312**

See "DEBT SERVICE SCHEDULES" in the body of this Official Statement for the remaining debt service due on the District's outstanding general obligation bonds.

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 Purchaser or the County is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

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

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

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

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

Recent State Budgets

Certain information about the State budgeting process and the State budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District or Purchaser 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 ("**LAO**") 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 2018-19 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 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:

- $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 an includes one-time increases 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.

LAO Fiscal Perspective Reports

The LAO issued a fiscal perspective report on March 18, 2020 entitled "COVID-19 and California's Evolving Fiscal Outlook," concluding that the economic uncertainty caused by the COVID-19 emergency will significantly affect California's near-term fiscal outlook. Key takeaways from the report are as follows:

Volatility in Financial Markets Indicate Lower Capital Gains-Related Tax Revenue. Taxes on capital gains are a significant source of State revenue, but they are difficult to forecast because of their correlation to stock market performance. The LAO states that the volatility of financial markets indicate lower capital gains-related tax revenue. With the market now well below the budget assumption, absent a more rapid recovery than has occurred in any modern market downturn of this severity, it appears likely that the average price level will wind up lower than the budget assumption. The LAO projects there is a high likelihood that tax revenues from capital gains income will be several billion dollars lower than what the Governor's budget assumed.

COVID-19 Response Brings Economic Activity to a Halt. For the broader economy, the LAO stated that the odds of a recession have increased substantially due to the pullback in activity across wide swaths of the economy. The abrupt and nearly across-the-board curtailment of spending that is now underway sets it apart from previous downturns. An optimistic scenario is that the economy would experience a sharp but comparatively short-lived downturn lasting one or two months. Under a more pessimistic scenario, economic activity would remain depressed for longer, compounded by dislocated supply chains and reduced lending caused by elevated risk aversion in credit markets. The type of contraction the state, national, and global economies experience will have implications for revenue collections in the coming years.

California's Strong Fiscal Position is a Key Advantage. The LAO notes, however, that California's budget entered 2020 on a strong footing due to strong budget reserves, the pay down of debt and multiyear balanced budgets during the economic expansion of previous years.

The LAO issued another fiscal perspective report on April 15, 2020 entitled "State Budget Effects of Recent Federal Actions to Address COVID-19," concluding that recent actions by the federal government will mitigate some of the adverse budgetary effects that the COVID-19 pandemic is likely to cause, but only a small portion of the federal funding allocated to date, being additional Medi-Cal funding, will assist the State with budgetary strain caused by lower revenues. Key information in the report is as follows:

Sources of Potential Budget Problem. The State likely will face a budget problem at the time of the May Revision, resulting from COVID-19. Specifically, from higher direct costs to respond to the public health emergency, higher indirect costs as a result of changes in the economy, and lower revenues as a result of changes in the economy.

Federal Legislation May Affect State Budget. Recent federal legislation could help reduce budgetary strain at the State level. This includes funds under the CARES Act which established the Coronavirus Relief Fund, and which the U.S. Department of the Treasury has indicated the State is eligible for $15.3 billion to be shared between the State and local governments, with the State's eligibility without regard to local governments estimated at $9.5 billion. Said funds are available to provide relief for direct and possibly indirect higher costs resulting from COVID-19, but not revenue losses. Additional federal aid in the form of increases to funding under Medicaid and unemployment insurance, which is a federal-state program, could also provide potential benefits to the State's budget. Education relief funding could provide some additional relief, although this form of relief will mainly accrue to the State's educational institutions.

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 2018-19 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the 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 Purchaser or the owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the sources of information listed below are reliable, neither the District nor the Purchaser 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 2020-21 Proposed 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 Bonds.

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

APPENDIX B

FRUITVALE SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2018-19

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FRUITVALE SCHOOL DISTRICT
COUNTY OF KERN
BAKERSFIELD, CALIFORNIA
AUDIT REPORT
JUNE 30, 2019

Linger, Peterson & Shrum
Certified Public Accountants
575 East Locust Avenue, Suite 308
Fresno, California 93720-2928

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Introductory Section

Fruitvale School District
Audit Report
For The Year Ended June 30, 2019

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Fruitvale School District
Audit Report
For The Year Ended June 30, 2019

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Financial Section

Linger, Peterson & Shrum
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928

Independent Auditor's Report

To the Board of Trustees
Fruitvale School District
Bakersfield, California 93308

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fruitvale 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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, the business-type activities, each major fund, and the aggregate remaining fund information of Fruitvale School District as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions identified as Required Supplementary Information 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 the Fruitvale School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts 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,* and is also not a required part of the basic financial statements. The accompanying other supplementary information is 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* prescribed in Title 5, *California Code of Regulations,* Section 19810 and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information 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 combining and individual nonmajor fund financial statements and other supplementary information 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 *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019 on our consideration of Fruitvale School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Fruitvale School District's internal control over financial reporting and compliance.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 13, 2019

Management's Discussion and Analysis

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FRUITVALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

This section of Fruitvale School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued in June 1999.

Financial Highlights:

- The District has been able to meet all of the current financial needs. Also, the District did not have to make a transfer from reserves to meet the required 3% unrestricted reserve for economic uncertainties in the General Fund.

- The General Fund's fund balance increased $270,678.

- The District reduced its general obligations bonds by $1,225,616.

Overview of the Financial Statements:

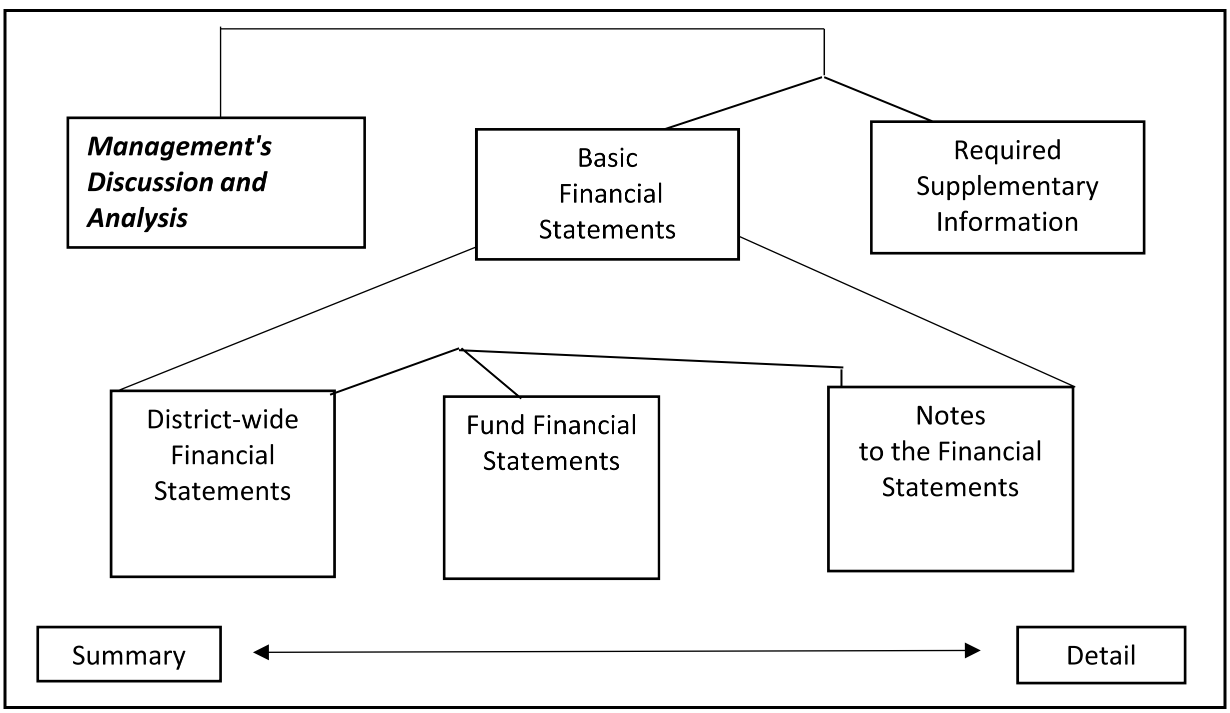
This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, and the Supplementary Information.

The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the District-wide statements.
- The governmental fund statements tell how basic services like regular and special education were financed in the short-term, as well as what remains for future spending.
- The fiduciary fund statements are for the student body funds.

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

Figure A-1. Organization of Fruitvale School District's Annual Financial Report



District-Wide Statements:

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

The two District-wide financial statements report the District's net position. Net position – the difference between the District's 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 will be an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the District you need to consider additional non-financial factors such as the condition of school buildings and other facilities.

District-wide financial statements include the governmental activities, which include the basic services such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements:

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

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes.

Financial Analysis of the District as a Whole:

Net Position

The District's combined net position was ($5,811,951) at June 30, 2019 and ($5,978,270) at June 30, 2018. Table A-1 below identifies the total assets, total liabilities, and the total net position as of June 30, 2019 and 2018.

TABLE A-1
Fruitvale School District
Net Position
June 30, 2019 and 2018

	Fiscal Year Ended June 30, 2019			Fiscal Year Ended June 30, 2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current & Other	$ 20,244,469	$ 898,974	$ 21,143,443	$ 23,840,397	$ 808,848	$ 24,649,244
Capital Assets	36,463,695	-	36,463,695	32,063,209	-	32,063,209
Total	$ 56,708,164	$ 898,974	$ 57,607,138	$ 55,903,606	$ 808,848	$ 56,712,453
Deferred Outflows	$ 8,716,700	$ -	$ 8,716,700	$ 8,486,169	$ -	$ 8,486,169
Liabilities						
Other liabilities	$ 2,417,771	$ 101	$ 2,417,872	$ 1,630,057	$ 514	$ 1,630,571
Long-term debt	63,997,488	-	63,997,488	64,780,819	-	64,780,819
Total	$ 66,415,259	$ 101	$ 66,415,360	$ 66,410,876	$ 514	$ 66,411,390
Deferred Inflows	$ 5,720,429	$ -	$ 5,720,429	$ 4,765,502	$ -	$ 4,765,502
Net Position						
Net investment in capital assets	$ 11,927,978	$ -	$ 11,927,978	$ 6,174,255	$ -	$ 6,174,255
Restricted	8,247,979	-	8,247,979	11,621,708	-	11,621,708
Unrestricted	(26,886,781)	898,873	(25,987,908)	(24,582,567)	808,334	(23,774,233)
Total	$ (6,710,824)	$ 898,873	$ (5,811,951)	$ (6,786,604)	$ 808,334	$ (5,978,270)

Changes in Net Position

Table A-2 identifies the net position beginning balances, the revenues and expenses for the current and prior year, and the end of the year net position. For the year 2018-19, General Revenues account for most of the District's revenue. The next largest revenue source is from operating grants and contributions. Figure A-2 presents the revenue by percentage. Expenses are identified using different categories. Instruction and instruction-related services are 68% of the total expenses. Figure A-3 presents the total expenses by percentage.

TABLE A-2
Fruitvale School District
Changes in Net Position
Years Ended June 30, 2019 and 2018

	Fiscal Year Ended June 30, 2019			Fiscal Year Ended June 30, 2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program Revenues						
Charges for services	$ 388,424	$ -	$ 388,424	$ 308,004	$ -	$ 308,004
Operating grants & contributions	6,548,825	-	6,548,825	5,346,436	-	5,346,436
General Revenues						
LCFF Sources	27,338,384	-	27,338,384	25,416,534	-	25,416,534
Federal Revenues	98,064	-	98,064	62,493	-	62,493
State Revenues	4,288,062	-	4,288,062	1,660,811	-	1,660,811
Local Revenues	3,873,189	708,529	4,581,718	3,432,107	708,607	4,140,714
Transfers	-	-	-	(725,495)	725,495	-
Total	$ 42,534,948	$ 708,529	$ 43,243,477	$ 35,500,890	$ 1,434,103	$ 36,934,992
Expenses						
Program Expenses						
Instruction	$ 26,531,056	$ -	$ 26,531,056	$ 23,235,495	$ -	$ 23,235,495
Instruction-related services	2,493,740	-	2,493,740	2,305,665	-	2,305,665
Pupil services	4,020,997	-	4,020,997	4,676,981	-	4,676,981
Community services	2,227	-	2,227	(3,041)	-	(3,041)
Enterprise	54,612	-	54,612	88,147	-	88,147
General Admin.	2,391,906	-	2,391,906	2,348,219	-	2,348,219
Plant Services	4,150,590	-	4,150,590	3,162,401	-	3,162,401
Other outgo	1,716,216	-	1,716,216	887,163	-	887,163
Interest on Long-Term Debt	1,097,824	-	1,097,824	960,836	-	960,836
Business-Type Activities Expenses	-	617,990	617,990	-	625,769	625,769
Total	$ 42,459,168	$ 617,990	$ 43,077,158	$ 37,661,866	$ 625,769	$ 38,287,635
Changes in Net Position	$ 75,780	$ 90,539	$ 166,319	$ (2,160,976)	$ 808,334	$ (1,352,642)

Figure A-2 Sources of Revenue for 2018-19

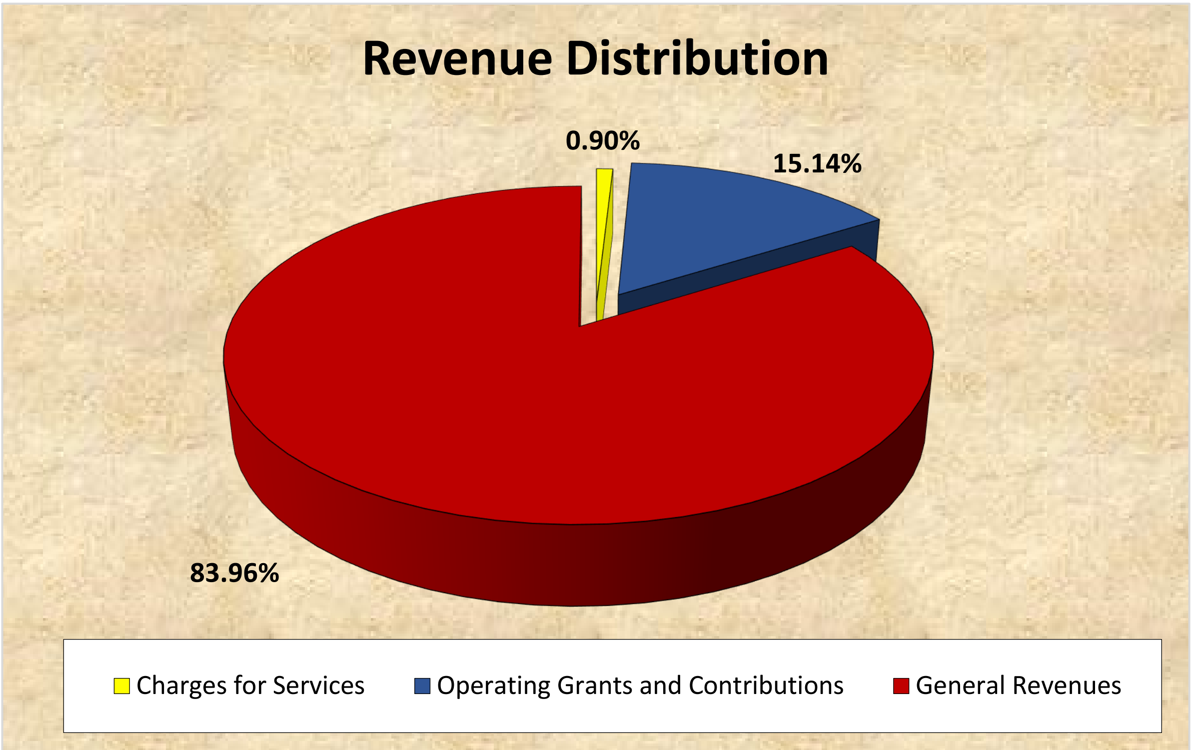


Figure A-3 Expenses for 2018-19

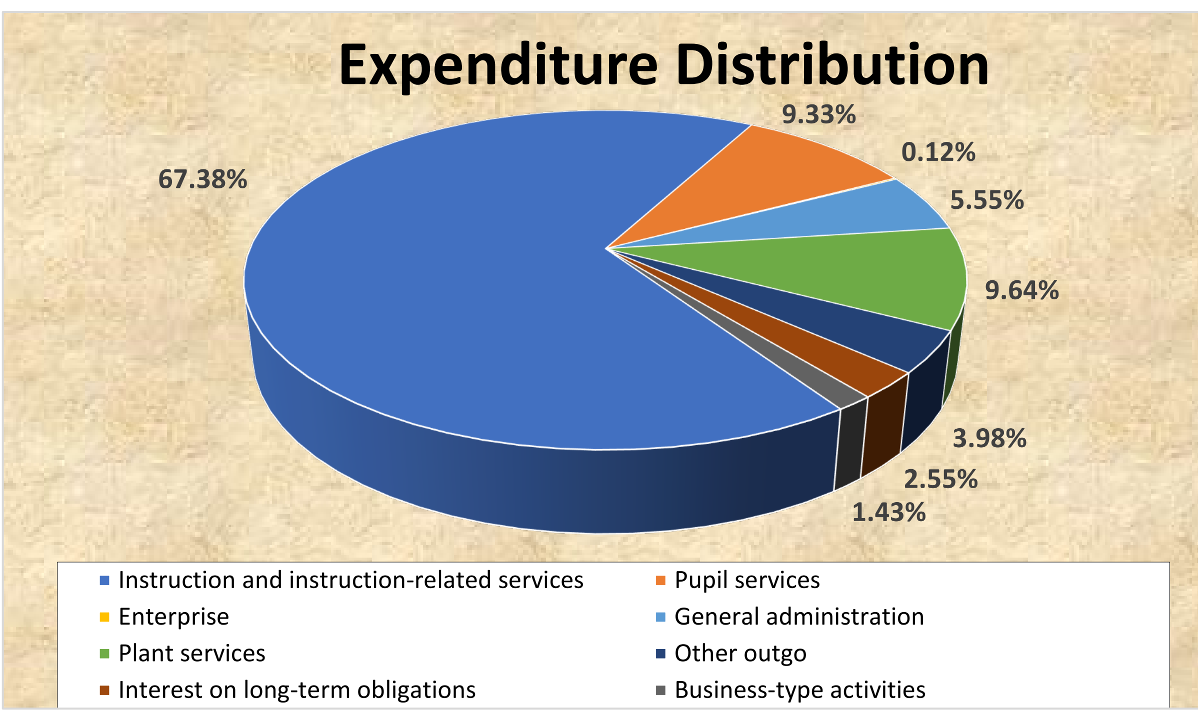


Table A-3 presents the cost of the major District activities for the current and prior year: Instruction and Instruction-Related Services, School Site Administration, Pupil Services, General Administration, Plant Services, Community Services, Interest on Long-Term Debt, and Other Outgo. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on other sources of funding.

TABLE A-3
Fruitvale School District
Statement of Governmental Activities

	2019		2018	
	Total Cost of Services	Net Costs of Services	Total Cost of Services	Net Costs of Services
Instruction	$ 26,531,056	$ 22,734,516	$ 23,235,495	$ 20,276,329
Instruction-related services	2,493,740	2,124,663	2,305,665	2,027,712
Pupil services	4,020,997	2,330,546	4,676,981	3,138,710
Community services	2,227	2,227	(3,041)	(3,041)
Enterprise activities	54,612	50,159	$ 88,147	$ 88,147
General Administration	2,391,906	1,964,344	2,348,219	2,072,501
Plant Services	4,150,590	3,501,424	3,162,401	2,559,069
Other outgo	1,716,216	1,716,216	887,163	887,163
Interest on Long-Term Debt	1,097,824	1,097,824	960,836	960,836
Totals-Governmental Activities	42,459,168	35,521,919	37,661,866	32,007,426
Business-type activities	617,990	617,990	625,769	625,769
Totals	$ 43,077,158	$ 36,139,909	$ 38,287,635	$ 32,633,195

Financial Analysis of the District's 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 $18,153,538. The General Fund increased by $270,678.

Over the course of the year, the District's General Fund budget was revised several times. These amendments fall into the following categories:

- Final amounts for State and Federal grants become available and budgets are revised mid-year.
- Budgets are revised when negotiations are completed.
- Final budget revisions are made to cover all areas of expenditures.

Capital Assets and Long-Term Debt:

Capital Assets

Since the first year of identifying capital assets, an appraiser was contracted to identify and assign a value to all capital assets. A new accounting system was set up to account for identified items. The District has established a $5,000 threshold for identifying capital assets. Capital assets are categorized by land, buildings and improvements, equipment and work in progress. Table A-4 presents these categories (at cost) and the amount associated with each one, less accumulated depreciation. The total capital assets for governmental activities as of June 30, 2019 were $36,463,695.

Table A-4
Fruitvale School District
Capital Assets - Governmental Activities

	2019	2018	Change
Land	$ 4,088,157	$ 4,088,157	$ -
Land Improvements	3,442,346	3,400,342	42,004
Buildings	45,620,847	45,092,948	527,899
Equipment	4,326,359	4,278,749	47,610
Work in Progress	6,520,866	1,239,001	5,281,865
Less Accumulated Depreciation	(27,534,880)	(26,035,988)	(1,498,892)
Total	$ 36,463,695	$ 32,063,209	$ 4,400,486

Long-Term Debt

At year-end, the District had $126,101 outstanding in compensated absences payable, $6,015,371 in net OPEB obligation, $26,302,806 in general obligation bonds outstanding including accreted interest, and $31,553,210 in net pension liability. This is a decrease of $783,331 from last year, as shown in Table A-5.

Table A-5
Fruitvale School District
Long-Term Debt - Government Activities

	2019	2018	Change
General Obligation Bonds (including accreted interest)	$ 26,302,806	$ 27,528,422	$ (1,225,616)
Net OPEB Obligation	6,015,371	6,734,374	(719,003)
Compensated Absences Payable	126,101	134,657	(8,556)
Net Pension Liability	31,553,210	30,383,366	1,169,844
Total	$ 63,997,488	$ 64,780,819	$ (783,331)

Factors Bearing on the District's Future:

The District currently meets the required 3% reserve for economic uncertainties and will continue to meet the minimum reservation requirement per the District's Multiyear Projections. Enrollment estimates are projected to remain relatively flat in future periods.

Contacting the District's Financial Management:

This financial report is designed to provide our citizens, taxpayers, customers, 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 Fruitvale School District, Business Services Department, 7311 Rosedale Highway, Bakersfield, California 93308.

* * *

Basic Financial Statements

FRUITVALE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash in County Treasury	$ 19,039,167	$ 802,060	$ 19,841,227
Cash in Revolving Fund	10,200	-	10,200
Accounts Receivable	1,159,699	96,914	1,256,613
Stores Inventories	35,403	-	35,403
Capital Assets:			
Land	4,088,157	-	4,088,157
Land Improvements, Net	435,415	-	435,415
Buildings, Net	24,371,180	-	24,371,180
Equipment, Net	1,048,077	-	1,048,077
Work in Progress	6,520,866	-	6,520,866
Total Assets	56,708,164	898,974	57,607,138
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources - Pensions	8,302,659	-	8,302,659
Deferred Outflows of Resources - OPEB	414,041	-	414,041
Total Deferred Outflows of Resources	8,716,700	-	8,716,700
LIABILITIES:			
Accounts Payable	2,401,745	101	2,401,846
Unearned Revenue	16,026	-	16,026
Noncurrent Liabilities:			
Net Pension Liability	31,553,210	-	31,553,210
Other Postemployment Benefit Obligation	6,015,371	-	6,015,371
Due within one year	2,157,138	-	2,157,138
Due in more than one year	24,271,769	-	24,271,769
Total Liabilities	66,415,259	101	66,415,360
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources - Pensions	4,608,928	-	4,608,928
Deferred Inflows of Resources - OPEB	1,111,501	-	1,111,501
Total Deferred Inflows of Resources	5,720,429	-	5,720,429
NET POSITION:			
Net Investment in Capital Assets	11,927,978	-	11,927,978
Restricted For:			
Debt Service	3,083,896	-	3,083,896
Capital Projects	3,816,795	-	3,816,795
Other Purposes	1,347,288	-	1,347,288
Unrestricted	(26,886,781)	898,873	(25,987,908)
Total Net Position	$ (6,710,824)	$ 898,873	$ (5,811,951)

The accompanying notes are an integral part of this statement.

FRUITVALE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:						
Governmental Activities:						
Instruction	$ 26,531,056	$ -	$ 3,796,540	$ (22,734,516)		$ (22,734,516)
Instruction-Related Services	2,493,740	-	369,077	(2,124,663)		(2,124,663)
Pupil Services	4,020,997	365,041	1,325,410	(2,330,546)		(2,330,546)
Community Services	2,227	-	-	(2,227)		(2,227)
Enterprise	54,612	-	4,453	(50,159)		(50,159)
General Administration	2,391,906	17,207	410,355	(1,964,344)		(1,964,344)
Plant Services	4,150,590	6,176	642,990	(3,501,424)		(3,501,424)
Other Outgo	1,716,216	-	-	(1,716,216)		(1,716,216)
Interest on Long-Term Obligations	1,097,824	-	-	(1,097,824)		(1,097,824)
Total Governmental Activities	42,459,168	388,424	6,548,825	(35,521,919)		(35,521,919)
Business-type Activities:						
Enterprising Activities	617,990	-	-	-	$ (617,990)	(617,990)
Total Business-type Activities	617,990	-	-	-	(617,990)	(617,990)
Total Primary Government	$ 43,077,158	$ 388,424	$ 6,548,825	(35,521,919)	(617,990)	(36,139,909)
General Revenues:						
LCFF Sources				27,338,384	-	27,338,384
Federal Revenues				98,064	-	98,064
State Revenues				4,288,062	-	4,288,062
Local Revenues				3,873,189	708,529	4,581,718
Total General Revenues				35,597,699	708,529	36,306,228
Change in Net Position				75,780	90,539	166,319
Net Position - Beginning				(6,786,604)	808,334	(5,978,270)
Net Position - Ending				$ (6,710,824)	$ 898,873	$ (5,811,951)

The accompanying notes are an integral part of this statement.

FRUITVALE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Building Fund
ASSETS:		
Cash in County Treasury	$ 9,170,878	$ 4,600,513
Cash in Revolving Fund	10,000	-
Accounts Receivable	983,135	38,491
Due from Other Funds	55,792	-
Stores Inventories	35,403	-
Total Assets	10,255,208	4,639,004
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 1,057,830	$ 984,778
Due to Other Funds	14,045	-
Unearned Revenue	16,026	-
Total Liabilities	1,087,901	984,778
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	10,000	-
Stores Inventories	35,402	-
Restricted Fund Balances	817,089	3,654,226
Committed Fund Balances	1,240,000	-
Assigned Fund Balances	1,314,035	-
Unassigned:		
Reserve for Economic Uncertainty	5,750,781	-
Total Fund Balance	9,167,307	3,654,226
Total Liabilities and Fund Balances	$ 10,255,208	$ 4,639,004

The accompanying notes are an integral part of this statement.

Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
$ 3,083,896	$ 2,183,880	$ 19,039,167
-	200	10,200
-	138,073	1,159,699
-	14,045	69,837
-	-	35,403
3,083,896	2,336,198	20,314,306
$ -	$ 32,297	$ 2,074,905
-	55,792	69,837
-	-	16,026
-	88,089	2,160,768
-	200	10,200
-	-	35,402
3,083,896	692,768	8,247,979
-	-	1,240,000
-	1,555,141	2,869,176
-	-	5,750,781
3,083,896	2,248,109	18,153,538
$ 3,083,896	$ 2,336,198	$ 20,314,306

FRUITVALE SCHOOL DISTRICT

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

Total Fund Balances - Balance Sheet, Governmental Funds	$ 18,153,538
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Capital assets	63,998,575
Accumulated depreciation	(27,534,880)
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(326,840)
General obligation bonds payable	(24,208,877)
Accreted interest	(2,093,929)
Other post-employment benefits payable (OPEB)	(6,015,371)
Net pension liability	(31,553,210)
Compensated absences payable	(126,101)
Deferred outflows and inflows of resources are not reported in the funds because they are applicable to future periods:	
Deferred outflows of resources related to pensions	8,302,659
Deferred inflows of resources related to pensions	(4,608,928)
Deferred outflows of resources related to OPEB	414,041
Deferred inflows of resources related to OPEB	(1,111,501)
Total Fund Balance of Governmental Activities - Statement of Net Position	$ (6,710,824)

The accompanying notes are an integral part of this statement.

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

	General Fund	Building Fund
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	$ 18,111,209	$ -
Education Protection Account Funds	4,950,753	-
Local Sources	4,276,422	-
Federal Revenue	1,273,304	-
Other State Revenue	4,056,935	-
Other Local Revenue	2,215,991	137,091
Total Revenues	34,884,614	137,091
Expenditures:		
Current:		
Instruction	21,739,303	-
Instruction - Related Services	2,288,516	-
Pupil Services	2,497,609	-
Enterprise	25,992	-
General Administration	2,258,743	-
Plant Services	3,604,022	-
Other Outgo	1,716,216	-
Capital Outlay	398,313	5,168,910
Debt Service:		
Principal	-	-
Interest	-	-
Total Expenditures	34,528,714	5,168,910
Excess (Deficiency) of Revenues Over (Under) Expenditures	355,900	(5,031,819)
Other Financing Sources (Uses):		
Transfers In	-	71,177
Transfers Out	(85,222)	-
Other Sources	-	-
Other Uses	-	-
Total Other Financing Sources (Uses)	(85,222)	71,177
Net Change in Fund Balance	270,678	(4,960,642)
Fund Balance, July 1	8,896,629	8,614,868
Fund Balance, June 30	$ 9,167,307	$ 3,654,226

The accompanying notes are an integral part of this statement.

Bond Interest & Redemption	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 18,111,209
-	-	4,950,753
-	-	4,276,422
-	905,058	2,178,362
14,345	69,145	4,140,425
2,896,828	562,976	5,812,886
2,911,173	1,537,179	39,470,057
-	-	21,739,303
-	-	2,288,516
-	1,184,995	3,682,604
-	-	25,992
-	58,418	2,317,161
-	20,021	3,624,043
-	-	1,716,216
-	567,746	6,134,969
1,331,065	-	1,331,065
1,014,547	-	1,014,547
2,345,612	1,831,180	43,874,416
565,561	(294,001)	(4,404,359)
-	14,045	85,222
-	-	(85,222)
2,268	-	2,268
(3,722)	-	(3,722)
(1,454)	14,045	(1,454)
564,107	(279,956)	(4,405,813)
2,519,789	2,528,065	22,559,351
$ 3,083,896	$ 2,248,109	$ 18,153,538

FRUITVALE SCHOOL DISTRICT

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

Net Change in Fund Balances - Total Governmental Funds	$ (4,405,813)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	
Expenditures for capital outlay	5,962,423
Depreciation expense	(1,561,937)
Governmental funds report repayments of long-term debt as expenditures. In the Government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:	1,331,065
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds:	
Change in accrued interest payable and accreted interest	(83,277)
Compensated absences	8,556
Other post-employment benefits cost in excess of contributions	(228,457)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:	(946,780)
Change in Net Position of Governmental Activities - Statement of Activities	$ 75,780

The accompanying notes are an integral part of this statement.

FRUITVALE SCHOOL DISTRICT
STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2019

	Nonmajor Enterprise Fund
	Enterprise Fund
ASSETS:	
Current Assets:	
Cash in County Treasury	$ 802,060
Accounts Receivable	96,914
Total Current Assets	898,974
Total Assets	898,974
LIABILITIES:	
Current Liabilities:	
Accounts Payable	$ 101
Total Current Liabilities	101
Total Liabilities	101
NET POSITION:	
Unrestricted (Deficit)	898,873
Total Net Position	$ 898,873

The accompanying notes are an integral part of this statement.

FRUITVALE SCHOOL DISTRICT

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

	Nonmajor Enterprise Fund
	Enterprise Fund
Operating Revenues:	
Local Revenue	$ 708,529
Total Revenues	708,529
Operating Expenses:	
Certificated Personnel Salaries	106,936
Classified Personnel Salaries	344,522
Employee Benefits	128,817
Books and Supplies	33,672
Services and Other Operating Expenses	4,043
Total Expenses	617,990
Income (Loss) before Contributions and Transfers	90,539
Change in Net Position	90,539
Total Net Position - Beginning	808,334
Total Net Position - Ending	$ 898,873

The accompanying notes are an integral part of this statement.

FRUITVALE SCHOOL DISTRICT

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

	Nonmajor Enterprise Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 686,488
Cash Payments to Employees for Services	(580,275)
Other Operating Cash Receipts (Payments)	(38,128)
Net Cash Provided (Used) by Operating Activities	68,085
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Primary Government	-
Transfers From (To) Other Funds	-
Net Cash Provided (Used) by Non-capital Financing Activities	-
Cash Flows from Capital and Related Financing Activities:	
Net Cash Provided (Used) for Capital & Related Financing Activities	-
Cash Flows from Investing Activities:	
Net Cash Provided (Used) for Investing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	68,085
Cash and Cash Equivalents at Beginning of Year	7,733,975
Cash and Cash Equivalents at End of Year	$ 7,802,060
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	$ 90,539
Adjustments to Reconcile Operating Income to Net Cash	
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(22,041)
Increase (Decrease) in Accounts Payable	(413)
Increase (Decrease) in Payroll Deductions	-
Total Adjustments	(22,454)
Net Cash Provided (Uses) by Operating Activities	$ 68,085

The accompanying notes are an integral part of this statement.

FRUITVALE SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	OPEB Trust Funds	
	Retiree Benefit Fund	Agency Funds
ASSETS:		
Cash on Hand and in Banks	$ -	$ 71,790
Investments	267,646	-
Total Assets	267,646	71,790
LIABILITIES:		
Due to Student Groups	$ -	$ 71,790
Total Liabilities	-	71,790
NET POSITION:		
Held in Trust for OPEB Benefit	267,646	-
Total Net Position	$ 267,646	$ -

The accompanying notes are an integral part of this statement.

FRUITVALE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Employee Retirement Plan
Additions:	
Investment Income	$ 17,896
Total Additions	17,896
Deductions:	
Administrative Expenses	250
Total Deductions	250
Change in Net Position	17,646
Net Position-Beginning of the Year	250,000
Net Position-End of the Year	$ 267,646

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

Fruitvale School District (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, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- 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. 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. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and 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 and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund. This is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund. The General Fund, reported in these financial statements, includes four Funds maintained by the District: The General Fund (Fund 01), and the Special Reserve Fund for Other Than Capital Outlay (Fund 17). Although Fund 17 is a separate fund authorized in the Education Code, it does not meet the definition of a Special Revenue Fund under accounting principles generally accepted in the United States of America, and has therefore been combined into the General Fund for financial reporting purposes. The beginning fund balances have also been combined.

Building Fund. This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

Bond Interest and Redemption Fund. This fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of bonds issued by the District.

The District reports the following non-major governmental funds:

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

Capital Facilities Fund. This fund is used primarily to account separately for moneys received from fees levied on development projects as a condition of approval (Education Code sections 17620–17626 and Government Code Section 65995 et seq.).

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

Pension (and Other Employee Benefit) Trust Funds: These funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

In addition, the District reports the following fund types:

Pension (and Other Employee Benefit) Trust Funds: These funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

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.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements 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. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year 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 generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used 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, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Kern County Treasury. The county pools these funds with those of other districts 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, except for the Tax Override Funds, in which interest earned is credited to the general fund. 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 Kern 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 benefiting 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	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation AC systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery and tools	Shop, maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science and engineering	Lab equipment, scientific apparatus	10
Furniture and accessories	Classroom and other furniture	20
Business machines	Fax, duplicating and printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PC's, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still and digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, brass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressors	10
Grounds equipment	Mowers, tractors, attachments	15

d. Receivable and 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 current portion of the liabilities is recognized in the general fund at year end.

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

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

g. 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 benefiting 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.

h. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Kern bills and collects the taxes for the District.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

6. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net 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.

7. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) is merged with the General Fund for purposes of presentation in the audit report.

8. 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) (STRS)	June 30, 2018
Valuation Date (VD) (PERS)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

9. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates**.** Actual results could differ from those estimates.

10. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs for an asset or liability.

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

11. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowing 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.

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.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

B. 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	$ 1,080,783
Books and supplies	7,672
Cafeteria Fund:	
Direct support/Indirect costs	55,792
Bond Interest and Redemption Fund:	
Principal	1,331,065
Interest	1,014,547

General Fund: The District recognized additional employee benefits expenditures as result of on-behalf STRS and PERS contributions paid by the State of California on behalf of the District, pursuant to Senate Bill Number 90 (SB-90). The District also incurred unanticipated expenditures for inflationary increases and contract services.

Cafeteria Fund: The District incurred unanticipated expenditures for inflationary increases and contract services.

Bond Interest and Redemption Fund: Budget was not prepared for this fund.

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Kern County Treasury as part of the common investment pool ($19,841,227 as of June 30, 2019). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $19,841,227. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks ($0 as of June 30, 2019) and in the revolving fund ($10,200) are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Investments:

The District's investments at June 30, 2019 are shown below.

Investment or Investment Type	Maturity	Fair Value
Cash in County Treasury	Less than 12 months	$ 19,841,227
Cash in Revolving Fund	Less than 12 months	10,200
Total Investments		$ 19,851,427

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only 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 ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to significant credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to significant custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to significant concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant foreign currency risk.

5. 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 in conformity with GASB Statement No. 77 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.

D. Accounts Receivable

Accounts receivable and due from grantor governments at June 30, 2019 consisted of the following:

	General Fund	Building Fund	All Other Government Funds	Total Governmental Funds	Enterprise Fund
Federal programs	$ 657,825	$ -	$ 126,709	$ 784,534	$ -
State categorical aid programs	157,918	-	-	157,918	-
Interest	-	-	-	-	-
Total	$ 983,135	$ 38,491	$ 138,073	$ 1,159,699	$ 96,914

E. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 4,088,157	$ -	$ -	$ 4,088,157
Work in progress	1,239,001	5,740,312	458,447	6,520,866
Total capital assets not being depreciated	5,327,158	5,740,312	458,447	10,609,023
Capital assets being depreciated:				
Buildings	45,092,948	527,899	-	45,620,847
Improvements	3,400,342	42,004	-	3,442,346
Equipment	4,215,704	110,655	-	4,326,359
Total capital assets being depreciated	52,708,994	680,558	-	53,389,552
Less accumulated depreciation for:				
Buildings	(19,916,419)	(1,333,248)	-	(21,249,667)
Improvements	(2,950,482)	(56,449)	-	(3,006,931)
Equipment	(3,106,042)	(172,240)	-	(3,278,282)
Total accumulated depreciation	(25,972,943)	(1,561,937)	-	(27,534,880)
Total capital assets being depreciated, net	26,736,051	(881,379)	-	25,854,672
Governmental activities capital assets, net	$ 32,063,209	$ 4,858,933	$ 458,447	$ 36,463,695

Depreciation was charged to functions as follows:

Instruction	$ 1,190,559
Instruction-Related Services	62
Pupil Services	89,460
Community Services	2,227
General Administration	19,395
Plant Services	260,234
	$ 1,561,937

F. Interfund Balances and Activities

1. Due To and From Other Funds

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

Fund		Due From	Due To
General Fund		55,792	14,045
Cafeteria Special Revenue Fund		14,045	55,792
	Total	$ 69,837	$ 69,837

All amounts due relate to short-term borrowing and are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

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

Transfers In	Transfers Out	Amount	Reason
Cafeteria Special Revenue Fund	General Fund	$ 14,045	To support food service salaries and benefits
Building Fund	General Fund	71,177	For modernization expenditures
	Total	$ 85,222	

G. Accounts Payable

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

	General Fund	Building Fund	All Other Government Funds	Total Governmental Funds	Enterprise Fund
Vendor payables	$ 439,232	$ 984,778	$ 29,326	$ 1,453,336	$ -
Salaries and benefits	614,677	-	2,743	617,420	52
Other	3,921	-	228	4,149	49
Total	$ 1,057,830	$ 984,778	$ 32,297	$ 2,074,905	$ 101

H. Unearned Revenue

The District has received revenues for programs as advances, or before program expenditures were incurred. Such revenues are reported in these statements as "unearned", and will be recognized in subsequent periods as program expenditures are made.

Unearned revenue at June 30, 2019 consisted of the following:	General Funds
Title IV, Part A, Student Support and Academic Enrichment	$ 11,464
Title II, Part A, Supporting Effective Instruction	4,562
Total:	$ 16,026

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 year ended June 30, 2019, are as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation bonds	$ 25,539,942	$ -	$ 1,331,065	$ 24,208,877	$ 1,957,565
Accreted interest	1,988,480	299,384	193,935	2,093,929	199,573
Other post-employment benefits payable	6,734,374	-	719,003	6,015,371	-
Compensated absences	134,657	-	8,556	126,101	-
Net pension liabilty	30,383,366	1,169,844	-	31,553,210	-
Total governmental activities	$ 64,780,819	$ 1,469,228	$ 2,252,559	$ 63,997,488	$ 2,157,138

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
General obligation bonds	Governmental	Bond Interest and redemption
Accreted interest	Governmental	Bond Interest and redemption
Other post-employment benefits payable	Governmental	General
Compensated absences	Governmental	General
Net pension liability	Governmental	General

General Obligation Bonds and Accreted Interest on Capital Appreciation Bonds

The outstanding general obligation bond debt of the District at June 30, 2019, is as follows:

Bond	Issue Date	Maturity Date	Interest Rate %
2006 Election, Series B	10/30/08	8/1/33	5.50-11.70
2011 General obligation refunding	10/4/11	8/1/26	2.00-4.00
2015 General obligation refunding	8/29/15	8/1/35	3.0-5.0
2016 General bonds, election of 2016 series A	01/18/18	8/44	3.0% - 5.0

Bond	Original Issue	Outstanding July 1, 2018	Issued During Year	Redeemed During Year	Outstanding June 30, 2019
2001	$ 6,871,159	$ 2,154,942	$ -	$ 96,065	$ 2,058,877
2011 General obligation refunding	7,715,000	3,365,000	-	925,000	2,440,000
2015 General obligation refunding	12,290,000	11,520,000	-	310,000	11,210,000
2016 General bonds, election of 2016 series A	8,500,000	8,500,000	-	-	8,500,000
	$ 35,376,159	$ 25,539,942	$ -	$ 1,331,065	$ 24,208,877

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

	General Obligation Bonds		
Year Ending June 30,	Principal	Interest	Total
2020	$ 1,957,565	$ 991,448	$ 2,949,013
2021	1,468,955	968,758	2,437,713
2022	1,022,741	960,134	1,982,875
2023	812,411	863,913	1,676,324
2024	864,771	872,944	1,737,715
2025-2029	4,368,166	4,612,545	8,980,711
2030-2034	7,214,268	2,276,655	9,490,923
2035-2039	2,300,000	808,125	3,108,125
2040-2044	1,980,000	525,121	2,505,121
2045-2048	2,220,000	150,799	2,370,799
Totals	$ 24,208,877	$ 13,030,442	$ 37,239,319

Year Ending June 30,	Accreted Interest
2020	$ 199,573
2021	204,788
2022	204,293
2023	165,069
2024	172,088
2025-2029	945,783
2030-2034	202,335
Totals	$ 2,093,929

J. Compensated Absences

Compensated absences at June 30, 2019 consisted of:

	Compensated Absences	Benefits	Totals
Certificated	$ 2,908	$ 542	$ 3,450
Classified	96,850	25,801	122,651
Total	$ 99,758	$ 26,343	$ 126,101

All amounts are due after one year.

K. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2019, as follows:

Year Ending June 30,	
2020	$ 3,720
Total Minimum Rentals	$ 3,720

The District will receive no sublease rental revenues nor pay any contingent rentals associated with these leases.

L. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

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 in effect at June 30, 2019 are summarized as follows:

	CalSTRS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55-60	55-62
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (at June 30, 2019)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2019)	16.280%	16.280%
Required State Contribution Rates (at June 30, 2019)	14.772%	14.772%

*Amounts are limited to 120% of Social Security Wage Base.
**The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

	CalPERS	
	Before	On or After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 55	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1- 2.5%	1.0- 2.5%
Required Employee Contribution Rates (at June 30, 2019)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2019)	18.062%	18.062%

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2019 (measurement date June 30), 2018, Section 22950 of the California Education code requires members to contribute monthly to the system 10.205% (if hired prior to January 1, 2013) or 10.25% (if hired on or after January 1, 2013) of the creditable compensation 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 for the fiscal year ended June 30, 2019 Rates are defined in Section 22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending June 30, 2022 and for each fiscal 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.

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 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 the employees. For the fiscal year ended June 30, 2019 (measurement date June 30, 2018) the employee contribution rate was 7.00% and employer contribution rate was 18.062% of covered payroll.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2019 (measurement date June 30, 2018) the State contributed 14.772% of salaries creditable to CalSTRS. The contributions made by the State during the fiscal year ended June 30, 2019 included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional $2.2 Billion to CalSTRS on behalf of the Districts during the 2018-19 fiscal year in order to reduce contribution rates for Districts in 2019-20 and 2020-21. The contribution resulting from SB 90 made up 42% of the total contributions made by the State on behalf of the District. Consistent with the requirements of GASB 85, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the State's contribution for the fiscal year.

Contributions made by the State on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS

Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2017	7.470%	$ 1,006,209	$ 1,437,481
2018	8.292%	1,152,872	1,130,681
2019	14.772%	2,120,524	2,191,081

CalPERS

Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	6.402%	$ 256,826	$ 256,826

d. Contributions Recognized

For the fiscal year ended June 30, 2019 (measurement period June 30, 2018), the contributions recognized for each plan were:

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 2,337,053	$ 724,631	$ 3,061,684
Contributions - State On Behalf Payments	2,120,524	256,826	2,377,350
Total Contributions	$ 4,457,577	$ 981,457	$ 5,439,034

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 2,006,183	$ 581,948	$ 2,588,131
Contributions - State On Behalf Payments	2,120,524	256,826	2,377,350
Total Contributions	$ 4,126,707	$ 838,774	$ 4,965,481

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 as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	$ 24,060,332
CalPERS	7,492,878
Total Net Pension Liability	$ 31,553,210

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018. The total pension liability for each Plan used to calculate the net pension liability was determined by an 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, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2018 and June 30, 2019 were as follows:

	CalSTRS			
	District's Proportionate Share	State's Proportionate Share	Total For District Employees	CalPERS
Proportion June 30, 2018	0.0255%	0.0151%	0.0406%	0.0286%
Proportion June 30, 2019	0.0262%	0.0150%	0.0412%	0.0281%
Change in Proportion	0.0007%	-0.0001%	0.0006%	-0.0005%

a. Pension Expense

For the measurement period ended June 30, 2018 (fiscal year June 30, 2019), pension expense was recognized as follows:

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ 501,914	$ 667,929	$ 1,169,843
State On Behalf Pension Expense	2,191,081	256,826	2,447,907
Employer Contributions to Pension Expense	2,337,053	724,631	3,061,684
(Increase)/Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(306,106)	(154,411)	(460,517)
Difference Between Actual & Expected Experience	20,328	(386,151)	(365,823)
Change in Assumptions	1,018,349	164,656	1,183,005
Change in Proportionate Shares	(451,469)	28,314	(423,155)
Net Difference Between Projected & Actual Earnings	-	-	-
Increase/(Decrease) in Deferred Inflows of Resources			
Difference Between Actual & Expected Experience	19,468	(6,528)	12,940
Change in Assumptions	-	(18,585)	(18,585)
Change in Proportionate Shares	(241,074)	46,669	(194,405)
Net Difference Between Projected & Actual Earnings	259,553	(216,077)	43,476
Total Pension Expense	$ 5,349,097	$ 1,107,273	$ 6,456,370

b. Deferred Outflows and Inflows of Resources

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		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	$ 2,337,053	$ 724,631	$ 3,061,684
Differences between actual and expected experience	60,985	507,794	568,779
Changes in assumptions	3,055,045	898,694	3,953,739
Change in employer's proportionate share	661,830	56,627	718,457
Net difference between projected and actual earnings		-	-
Total Deferred Outflows of Resources	$ 6,114,913	$ 2,187,746	$ 8,302,659

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	$ (20,121)	$ (13,057)	$ (33,178)
Changes in assumptions	-	(37,171)	(37,171)
Change in employer's proportionate share	(723,221)	(232,023)	(955,244)
Net difference between projected and actual earnings	(2,491,181)	(1,092,154)	(3,583,335)
Total Deferred Inflows of Resources	$ (3,234,523)	$ (1,374,405)	$ (4,608,928)

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2020. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect
June 30	CalSTRS	CalPERS	CalSTRS	CalPERS	on Expenses
2020	$ 3,576,247	$ 1,178,630	$ (1,008,689)	$ (531,912)	$ 3,214,276
2021	1,239,193	453,998	(1,008,687)	(531,910)	152,594
2022	1,169,075	425,685	(1,007,823)	(243,104)	343,833
2023	130,398	129,433	(209,324)	(67,479)	(16,972)
2024	-	-	-	-	-
Total	$ 6,114,913	$ 2,187,746	$ (3,234,523)	$ (1,374,405)	$ 3,693,731

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2019 were based on actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2018	June 30, 2018
Valuation Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

(1) CalSTRS post retirement benefit increases assumed at 2% simple for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.

(2) CalSTRS projects mortality by setting the projection scale equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.

(3) Wage growth is a component of inflation for CalPERS assumptions.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.1000% for CalSTRS and 7.1500% for CalPERS**.** The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies (where applicable) 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 the CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. 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 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 4 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 that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The tables below reflect 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.

CalSTRS

Asset Class	Assumed Asset Allocation	Long Term Expected Real Rate of Return*
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
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%

*20 year average

CalPERS

Asset Class*	Assumed Asset Allocation	Real Return Years 1-10**	Real Return Years 11+***
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

* In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

** An expected inflation of 2.00% used for this period

*** An expected inflation of 2.92% used for this period

e. 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:

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	$ 35,245,572	$ 10,909,272
Current Discount Rate	7.10%	7.15%
Net Pension Liability	$ 24,060,332	$ 7,492,878
1% Increase	8.10%	8.15%
Net Pension Liability	$ 14,786,686	$ 4,658,490

FRUITVALE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

f. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2018 (Previously Reported)	$ 122,930,735	$ 85,381,905	$ 37,548,830	$ 13,990,412	$ 23,558,418
Changes for the year:					
CalSTRS Auditor Adjustment	-	(209,825)	209,825	76,574	133,251
Change in Prop share	1,880,203	1,305,900	574,303	(77,683)	651,986
Service Cost	2,944,147	-	2,944,147	1,074,442	1,869,705
Interest	8,861,296	-	8,861,296	3,233,858	5,627,438
Differences between expected and actual experience	(38,750)	-	(38,750)	(14,141)	(24,609)
Contributions:					
Employer	-	2,006,184	(2,006,184)	(732,141)	(1,274,043)
Employee	-	1,441,257	(1,441,257)	(525,975)	(915,282)
State On Behalf Payments	-	1,152,873	(1,152,873)	(420,732)	(732,141)
Net Investment Income	-	7,697,792	(7,697,792)	(2,809,247)	(4,888,545)
Other Income	-	43,344	(43,344)	(15,818)	(27,526)
Benefit Payments, including refunds of employee contributions	(5,992,462)	(5,992,462)	-	-	-
Administrative expenses	-	(89,076)	89,076	32,508	56,568
Borrowing Costs	-	(38,852)	38,852	14,179	24,673
Other Expenses	-	(692)	692	252	440
Net Changes	7,654,434	7,316,442	337,991	(163,923)	501,915
Balance at June 30, 2019	$ 130,585,169	$ 92,698,347	$ 37,886,821	$ 13,826,489	$ 24,060,332

CalPERS - Governmental Activities

	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2018 (Previously Reported)	$ 24,263,778	$ 17,438,829	$ 6,824,949
Changes for the year:			
Change in Proportionate Share	(413,322)	(297,062)	(116,260)
Service Cost	610,571	-	610,571
Interest	1,732,689	-	1,732,689
Differences between expected and actual experience	520,702	-	520,702
Change in Assumptions	126,477	-	126,477
Contributions:			
Employer	-	581,945	(581,945)
Employee	-	267,806	(267,806)
Net Investment Income	-	1,431,815	(1,431,815)
Plan to Plan Resource Movement	-	-	-
Benefit Payments, including refunds of employee contributions	(1,139,007)	(1,139,007)	-
Administrative expenses	-	(25,980)	25,980
Other expenses	-	(49,336)	49,336
Net Changes	1,438,110	770,181	667,929
Balance at June 30, 2019	$ 25,701,888	$ 18,209,010	$ 7,492,878

M. Other Retirement Plans

Section 403(b) Tax-Sheltered Annuity Plan

Plan Description

The District's Board of Trustees authorized the establishment of a Section 403(b) Tax-Sheltered Annuity Plan. This is a retirement plan funded by elective deferrals made under salary reduction agreements.

Funding Policy

All eligible employees electing to participate in this plan choose the amount of monthly compensation deferrals up to the maximums allowed by the Internal Revenue Code and its regulations and rulings. The District does not contribute to the plan on behalf of participating employees. For the fiscal year ended June 30, 2019, there were 92 employees that had elected to participate, with total compensation deferrals of $441,906.

N. Postemployment Benefits Other Than Pension Benefits

1. General Information about the OPEB Plan

Plan Description

The District provides certain postemployment healthcare benefits to all employees who retire from the District on or after attaining age 55, with at least 13 years of service for certificated employees hired before 1985-86 and others hired before 1989-90. The District pays 100% of the medical insurance premium until age 65. The amount paid by the District will be the same prorated percentage as was paid for the employee at the time of retirement**.** Certificated and administrative employees who are at least 55 years of age and who have 20 or more years of service will have their premiums paid for life.

The OPEB plan does not issue stand-alone financial reports that are available to the public.

Assumed Asset Allocation

The OPEB plan is associated with a trust. The assumed asset allocation of the plan's portfolio and the long-term expected rates of return are as follows.

Asset Class	Assumed Allocation
Cash / money market	0.85%
Fixed income	16.98%
Large cap securities	26.21%
Mid cap securities	8.88%
Small cap securities	8.47%
International securities	11.79%
Commodities / natural resources	3.12%
Emerging market securities	6.02%
Other	17.68%
	100.00%

The expected real rate of return for each major asset class was not available. However, in aggregate, the expected real rate of return is 3.01%, based on historical experience.

The District does not have a formalized plan to contribute to the trust, nor is contractually required to contribute to the trust, therefore, assumptions made about projected cash flows for contributions were not used, as expectations regarding those contributions is not readily determinable.

Benefits Provided

The health and welfare benefit plans of the District include medical-only insurance. is available to retirees with Medicare Parts A and B. The District does not pay for dental or vision coverage for its retirees. All coverages are self-insured on a pooled basis through the Self-Insured Schools of California (SISC).

Eligibility for District-Paid Benefits

The amount and duration of District-paid contributions for retiree health insurance vary by employment classification, age and date of hire, as follows:

Certificated

Hired prior to September 1, 1985, age 55 with 13 years of service
Hired on or after September 1, 1985: Eligible for self-paid benefits only

Certificated Management

Hired prior to July 1, 1990, age 55 with 13 years of service
Hired on or after July 1, 1990: Eligible for self-paid benefits only

Classified (CSEA)

Hired prior to July 1, 1989, age 55 with 13 years of service
Hired on or after July 1, 1989: Eligible for self-paid benefits only

Classified Management/Confidential

Hired prior to July 1, 1990, age 55 with 13 years of service
Hired on or after July 1, 1990: Eligible for self-paid benefits only

Duration of District-Paid Benefits

Certificated and Certificated Management

With 20 or more years of service, for life
With less than 20 years of service, to age 65.

Classified and Classified Management/Confidential

To age 65.

Employees Covered by Benefit Terms

At June 30, 2019, the following retirees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	221
Total number of participants	250

2. Total OPEB Liability

The District's total restated net OPEB liability was $6,015,371 as of June 30, 2019, and was determined using actuarial assumptions and other inputs.

Actuarial Assumptions and Other Inputs

The total OPEB liability 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%
Salary Increases	2.75% per year
Discount Rate	3.50%
Healthcare Cost Trend Rates	4.00% per year
Retiree's Share of Costs	0.00% of projected health insurance premiums

The discount rate was based on the Bond Buyer 20 Bond Index.

Mortality rates were based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS.

Changes in Total OPEB Liability	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2018	$ 6,984,374	$ 250,000	$ 6,734,374
Changes for the year:			
Service cost	316,232	-	316,232
Interest	258,929	-	258,929
Assumption changes	157,135	-	157,135
Contributions	-	236,069	(236,069)
Expected investment income	-	(5)	5
Experience gains/losses	(987,042)	-	(987,042)
Investment gains/losses	-	15,916	(15,916)
Benefit payments	(236,069)	(236,069)	-
Administrative expenses	-	(250)	250
Other adjustments	(210,542)	1,985	(212,527)
Net changes	(701,357)	17,646	(719,003)
Balance at June 30, 2019	$ 6,283,017	$ 267,646	$ 6,015,371

There were no changes in benefit terms for the fiscal year ended June 30, 2019. The interest assumption changed from 3.8% to 3.50%. There were no changes to any other inputs or assumptions.

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

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

	1% Decrease 2.90%	Discount Rate 3.90%	1% Increase 4.90%
Net OPEB Liability	$ 6,584,395	$ 6,015,371	$ 5,514,547

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point-lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00%	Healthcare Cost Trend Rate 4.00%	1% Increase 5.00%
Net OPEB Liability	$ 5,575,026	$ 6,015,371	$ 6,456,572

3. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of $495,701.

At June 30, 2019 the District reported deferred inflows of resources related to the following sources:

		Deferred Inflows of Resources
Experience gains/losses		(922,105)
Assumption changes		(176,664)
Investment gains/losses		(12,732)
Total	$	(1,111,501)

At June 30, 2019 the District reported deferred outflows of resources related to the following sources:

		Deferred Outflows of Resources
Contributions made subsequent to measurement date		267,244
Assumption changes		146,797
Total	$	414,041

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

Year Ending June 30,		Deferred Inflows		Deferred Outflows
2020	$	(83,093)	$	277,582
2021		(83,093)		10,338
2022		(83,093)		10,338
2023		(83,089)		10,338
2024		(181,713)		10,338
Thereafter		(597,420)		95,107
Total	$	(1,111,501)	$	414,041

O. Commitments and Contingencies

1. Pending Assessment for Disputed Tax Revenues

The Kern County Auditor-Controller's Office has impounded disputed revenues of school district taxes on secured and unsecured property based on claims or actions filed for the return of such tax revenues. The claims and actions are regarding the valuation of mineral rights that could trigger repayment of property taxes. Revenues are impounded until the final disposition of the claim or action.

The Kern County Auditor-Controller has estimated the contingent liability as of June 30, 2019 as follows:

Pending appeals for taxes	$	769,976
Pending appeals for interest		69,244
Total		839,220
Less amount held by Kern County Auditor-Controller		(539,025)
Net Contingent Liability	$	300,195

2. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to view 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.

P. Construction in Progress

The District has construction contracts-in-progress as follows:

	Project Authorization	Expended to 6/30/2019	Remaining Commitment
Discovery modernization	$ 6,697,535	$ 4,014,022	$ 2,683,513
Discovery relocatable classroom	178,369	$ 172,652	$ 5,717
	$ 6,875,904	$ 4,186,674	$ 2,689,230

Q. Restricted Fund Balances

Restricted fund balances at June 30, 2019 are as follows:

Medi-Cal Billing Option	$ 24,343
Lottery: Instructional Materials	657,089
Classified School Employee Professional Dev Block Grant	20,059
Low-Performing Students Block Grant	115,598
Cafeteria Special Revenue Fund	530,199
Building Fund	3,654,226
Capital Facilities Fund	162,569
Bond Interest and Redemption Fund	3,083,896
Totals	$ 8,247,979

R. Joint Ventures (Joint Powers Agreements)

The District participates in four joint ventures under joint powers agreements (JPAs) as follows:

Schools Legal Services
(legal services)

Self-Insured Schools of California I (SISC I)
(workers' compensation insurance)

Self-Insured Schools of California II (SISC II)
(property and liability insurance)

Self-Insured Schools of California III (SISC III)
(health insurance)

The relationships between the District and the other JPAs are such that none of the other JPAs are component units of the District for financial reporting purposes.

The JPAs provide insurance and services as noted for member school districts.

Each JPA is governed by a board consisting of a representative from each member district. Such governing board controls the operations of its JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond representation on the governing board.

Each district pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA.

Each JPA is independently accountable for its fiscal matters, and maintains its own accounting records.

The District's share of year-end assets, liabilities, or fund equity has not been calculated by the entities.

Condensed financial information for the above JPAs for the year ended June 30, 2019 was not available as of the audit report date. Complete financial statements for the JPAs may be obtained from the JPAs at the addresses indicated below:

Schools Legal Services	Kern County Superintendent of Schools 1300 17th St., No. 7 Bakersfield, CA 93301
SISC I, II and III	Self-Insured Schools of California Kern County Superintendent of Schools P. O. Box 1847 Bakersfield, CA 93303-1847

S. Subsequent Events

Implementation of New Accounting Guidance

The District is evaluating accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are not yet effective for the fiscal year ended June 30, 2019. Those newly issued pronouncements are as follows:

GASB Statement No. 84 - Fiduciary Activities

This statement establishes standards of accounting and financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The District is currently evaluating what impact, if any, the implementation of this pronouncement will have on the financial statements.

GASB Statement No. 87 - Leases

This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The statement also clarifies the definition and identification of leases.

The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The District is currently evaluating what impact, if any, the implementation of this pronouncement will have on the financial statements.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

FRUITVALE SCHOOL DISTRICT **EXHIBIT B-1**
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	$ 18,524,915	$ 18,829,740	$ 18,111,209	$ (718,531)
Education Protection Account Funds	3,888,078	4,959,841	4,950,753	(9,088)
Local Sources	4,668,788	4,329,164	4,276,422	(52,742)
Federal Revenue	1,073,678	1,231,139	1,273,304	42,165
Other State Revenue	3,116,223	2,914,697	4,056,935	1,142,238
Other Local Revenue	1,823,499	2,199,847	2,215,991	16,144
Total Revenues	33,095,181	34,464,428	34,884,614	420,186
Expenditures:				
Current:				
Certificated Salaries	13,975,856	14,672,509	14,567,629	104,880
Classified Salaries	3,649,431	3,989,827	3,857,559	132,268
Employee Benefits	8,680,717	8,924,944	10,005,727	(1,080,783)
Books And Supplies	1,430,060	1,044,943	1,052,615	(7,672)
Services And Other Operating Expenditures	2,334,680	3,311,566	2,986,446	325,120
Other Outgo	957,435	1,716,295	1,716,216	79
Direct Support/Indirect Costs	-	-	(55,791)	55,791
Capital Outlay	241,296	407,874	398,313	9,561
Total Expenditures	31,269,475	34,067,958	34,528,714	(460,756)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,825,706	396,470	355,900	(40,570)
Other Financing Sources (Uses):				
Transfers Out	-	(71,177)	(85,222)	(14,045)
Total Other Financing Sources (Uses)	-	(71,177)	(85,222)	(14,045)
Net Change in Fund Balance	1,825,706	325,293	270,678	(54,615)
Fund Balance, July 1	8,896,629	8,896,629	8,896,629	-
Fund Balance, June 30	$ 10,722,335	$ 9,221,922	$ 9,167,307	$ (54,615)

EXHIBIT B-2

FRUITVALE SCHOOL DISTRICT

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset)	0.026%	0.026%	0.027%	0.027% $	0.027%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	$ 24,060,332	$ 23,558,417	$ 21,728,544	$ 18,310,000	$ 15,429,000	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability (asset) associated with the District	13,826,489	13,990,413	11,677,846	9,684,000	9,317,000	-	-	-	-	-
Total	$ 37,886,821	$ 37,548,830	$ 33,406,390	$ 27,994,000	$ 24,746,000	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 14,674,565	$ 14,074,477	$ 13,583,392	$ 13,443,000	$ 12,623,000	$ -	$ -	$ -	$ -	$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	163.96%	167.38%	159.96%	136.20%	122.23%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	70.99%	69.46%	74.02%	69.90%	74.00%	-	-	-	-	-

* 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.

EXHIBIT B-3

FRUITVALE SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year 2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 2,337,053	$ 2,030,947	$ 2,306,463	$ 1,442,426	$ 1,120,961	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	(2,337,053)	(2,030,947)	(2,306,463)	(1,442,426)	(1,120,961)	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 14,674,565	$ 14,074,477	$ 13,583,392	$ 13,443,000	$ 12,623,000	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	15.93%	14.43%	16.98%	10.73%	8.88%	-	-	-	-	-

* 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 for those years for which information is available.

EXHIBIT B-4

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

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset)	0.028%	0.031%	0.030%	0.031%	0.030%	-	-	-	-	-
District's proportionate share of the net pension liability (asset)	$ 7,492,878	$ 6,824,949	$ 5,898,524	$ 4,519,000	$ 3,350,000	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,461,274	$ 3,671,496	$ 3,932,856	$ 3,594,000	$ 3,394,000	$ -	$ -	$ -	$ -	$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	167.95%	185.89%	149.98%	125.74%	98.70%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.87%	73.92%	79.43%	79.40%	-	-	-	-	-

* 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.

EXHIBIT B-5

FRUITVALE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 724,631	$ 570,220	$ 546,195	$ 425,792	$ 399,496	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	(724,631)	(570,220)	(546,195)	(425,792)	(399,496)	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,461,274	$ 3,671,496	$ 3,932,856	$ 3,594,000	$ 3,394,000	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	16.24%	15.53%	13.89%	11.85%	11.77%	-	-	-	-	-

* 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 for those years for which information is available.

EXHIBIT B-6

FRUITVALE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
NET OPEB LIABILITY AND RELATED RATIOS
SINGLE EMPLOYER TRUSTED PLAN
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB liability:										
Service cost	$ 316,232	$ 307,768	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	258,929	232,034	-	-	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-	-
Changes of assumptions	157,135	-	-	-	-	-	-	-	-	-
Experience gains/losses	(987,042)	-	-	-	-	-	-	-	-	-
Other adjustments	(210,542)	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(236,069)	(184,973)	-	-	-	-	-	-	-	-
Net change in total OPEB liability	(701,357)	354,829	-	-	-	-	-	-	-	-
Total OPEB liability - beginning	6,984,374	6,629,545	-	-	-	-	-	-	-	-
Total OPEB liability - ending (a)	$ 6,283,017	$ 6,984,374	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan fiduciary net position:										
Contributions - employer	$ 236,069	$ 434,973	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	15,911	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(236,069)	(184,973)	-	-	-	-	-	-	-	-
Administrative expense	(250)	-	-	-	-	-	-	-	-	-
Other	1,985	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	17,646	250,000	-	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	250,000	-	-	-	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	$ 267,646	$ 250,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's net OPEB liability - ending (a) - (b)	$ 6,015,371	$ 6,734,374	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan fiduciary net position as a percentage of the total OPEB liability	4.26%	3.58%	-	-	-	-	-	-	-	-
Covered-employee payroll	$ 19,135,839	$ 18,484,515	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's net OPEB liability as a percentage of covered-employee payroll	31.44%	36.43%	-	-	-	-	-	-	-	-

Notes to Schedule:
* 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.

FRUITVALE SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
SINGLE EMPLOYER TRUSTED PLAN
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 236,069	$ 236,069	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	(236,069)	(236,069)	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 19,135,839	$ 18,484,515	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	1.23%	1.28%	-	-	-	-	-	-	-	-

Notes to Schedule

Valuation date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Inflation	2.75%
Salary increases	2.75%
Investment return / discount rate	3.50%
Healthcare cost trend rates	4.00%
Retirees' share of costs	0.00%

The discount rate was based on an index of 20-year general obligation municipal bonds.

* 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 for those years for which information is available.

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

FRUITVALE SCHOOL DISTRICT

EXHIBIT C-1

COMBINING BALANCE SHEET
ALL GENERAL FUNDS
JUNE 30, 2019

	General Fund	Special Reserve General Fund	Totals June 30, 2019
ASSETS:			
Cash in County Treasury	$ 8,362,138	$ 808,740	$ 9,170,878
Cash in Revolving Fund	10,000	-	10,000
Accounts Receivable	977,840	5,295	983,135
Due from Other Funds	55,792	-	55,792
Stores Inventories	35,403	-	35,403
Total Assets	9,441,173	814,035	10,255,208
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 1,057,830	$ -	$ 1,057,830
Due to Other Funds	14,045	-	14,045
Unearned Revenue	16,026	-	16,026
Total Liabilities	1,087,901	-	1,087,901
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	10,000	-	10,000
Stores Inventories	35,402	-	35,402
Restricted Fund Balances	817,089	-	817,089
Committed Fund Balances	1,240,000	-	1,240,000
Assigned Fund Balances	500,000	814,035	1,314,035
Unassigned:			
Reserve for Economic Uncertainty	5,750,781	-	5,750,781
Total Fund Balance	8,353,272	814,035	9,167,307
Total Liabilities and Fund Balances	$ 9,441,173	$ 814,035	$ 10,255,208

FRUITVALE SCHOOL DISTRICT **EXHIBIT C-2**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund	Special Reserve General Fund	Totals June 30, 2019
Revenues:			
LCFF Sources:			
State Apportionment or State Aid	$ 18,111,209	$ -	$ 18,111,209
Education Protection Account Funds	4,950,753	-	4,950,753
Local Sources	4,276,422	-	4,276,422
Federal Revenue	1,273,304	-	1,273,304
Other State Revenue	4,056,935	-	4,056,935
Other Local Revenue	2,200,294	15,697	2,215,991
Total Revenues	34,868,917	15,697	34,884,614
Expenditures:			
Current:			
Instruction	21,739,303	-	21,739,303
Instruction - Related Services	2,288,516	-	2,288,516
Pupil Services	2,497,609	-	2,497,609
Enterprise	25,992	-	25,992
General Administration	2,258,743	-	2,258,743
Plant Services	3,604,022	-	3,604,022
Other Outgo	1,716,216	-	1,716,216
Capital Outlay	398,313	-	398,313
Total Expenditures	34,528,714	-	34,528,714
Excess (Deficiency) of Revenues Over (Under) Expenditures	340,203	15,697	355,900
Other Financing Sources (Uses):			
Transfers Out	(85,222)	-	(85,222)
Total Other Financing Sources (Uses)	(85,222)	-	(85,222)
Net Change in Fund Balance	254,981	15,697	270,678
Fund Balance, July 1	8,098,291	798,338	8,896,629
Fund Balance, June 30	$ 8,353,272	$ 814,035	$ 9,167,307

FRUITVALE SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:			
Cash in County Treasury	$ 457,747	$ 1,726,133	$ 2,183,880
Cash in Revolving Fund	200	-	200
Accounts Receivable	126,709	11,364	138,073
Due from Other Funds	14,045	-	14,045
Total Assets	598,701	1,737,497	2,336,198
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 12,510	$ 19,787	$ 32,297
Due to Other Funds	55,792	-	55,792
Total Liabilities	68,302	19,787	88,089
Fund Balance:			
Nonspendable Fund Balances:			
Revolving Cash	200	-	200
Restricted Fund Balances	530,199	162,569	692,768
Assigned Fund Balances	-	1,555,141	1,555,141
Total Fund Balance	530,399	1,717,710	2,248,109
Total Liabilities and Fund Balances	$ 598,701	$ 1,737,497	$ 2,336,198

FRUITVALE SCHOOL DISTRICT

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

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:			
Federal Revenue	$ 905,058	$ -	$ 905,058
Other State Revenue	69,145	-	69,145
Other Local Revenue	396,272	166,704	562,976
Total Revenues	1,370,475	166,704	1,537,179
Expenditures:			
Current:			
Pupil Services	1,184,995	-	1,184,995
General Administration	55,792	2,626	58,418
Plant Services	20,021	-	20,021
Capital Outlay	-	567,746	567,746
Total Expenditures	1,260,808	570,372	1,831,180
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,667	(403,668)	(294,001)
Other Financing Sources (Uses):			
Transfers In	14,045	-	14,045
Total Other Financing Sources (Uses)	14,045	-	14,045
Net Change in Fund Balance	123,712	(403,668)	(279,956)
Fund Balance, July 1	406,687	2,121,378	2,528,065
Fund Balance, June 30	$ 530,399	$ 1,717,710	$ 2,248,109

FRUITVALE SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-3)
ASSETS:		
Cash in County Treasury	$ 457,747	$ 457,747
Cash in Revolving Fund	200	200
Accounts Receivable	126,709	126,709
Due from Other Funds	14,045	14,045
Total Assets	598,701	598,701
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	$ 12,510	$ 12,510
Due to Other Funds	55,792	55,792
Total Liabilities	68,302	68,302
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	200	200
Restricted Fund Balances	530,199	530,199
Total Fund Balance	530,399	530,399
Total Liabilities and Fund Balances	$ 598,701	$ 598,701

FRUITVALE SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-4)
Revenues:		
Federal Revenue	$ 905,058	$ 905,058
Other State Revenue	69,145	69,145
Other Local Revenue	396,272	396,272
Total Revenues	1,370,475	1,370,475
Expenditures:		
Current:		
Pupil Services	1,184,995	1,184,995
General Administration	55,792	55,792
Plant Services	20,021	20,021
Total Expenditures	1,260,808	1,260,808
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,667	109,667
Other Financing Sources (Uses):		
Transfers In	14,045	14,045
Total Other Financing Sources (Uses)	14,045	14,045
Net Change in Fund Balance	123,712	123,712
Fund Balance, July 1	406,687	406,687
Fund Balance, June 30	$ 530,399	$ 530,399

FRUITVALE SCHOOL DISTRICT

EXHIBIT C-7

CAFETERIA FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Federal Revenue	$ 870,000	$ 905,058	$ 35,058
Other State Revenue	72,500	69,145	(3,355)
Other Local Revenue	376,500	396,272	19,772
Total Revenues	1,319,000	1,370,475	51,475
Expenditures:			
Current:			
Classified Salaries	268,255	267,749	506
Employee Benefits	83,310	81,518	1,792
Books And Supplies	809,000	806,578	2,422
Services And Other Operating Expenditures	50,250	49,171	1,079
Direct Support/Indirect Costs	-	55,792	(55,792)
Total Expenditures	1,210,815	1,260,808	(49,993)
Excess (Deficiency) of Revenues Over (Under) Expenditures	108,185	109,667	1,482
Other Financing Sources (Uses):			
Transfers In	-	14,045	14,045
Total Other Financing Sources (Uses)	-	14,045	14,045
Net Change in Fund Balance	108,185	123,712	15,527
Fund Balance, July 1	406,687	406,687	-
Fund Balance, June 30	$ 514,872	$ 530,399	$ 15,527

FRUITVALE SCHOOL DISTRICT **EXHIBIT C-8**

BOND INTEREST AND REDEMPTION FUND
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other State Revenue	$ -	$ 14,345	$ 14,345
Other Local Revenue	-	2,896,828	2,896,828
Total Revenues	-	2,911,173	2,911,173
Expenditures:			
Debt Service:			
Principal	-	1,331,065	(1,331,065)
Interest	-	1,014,547	(1,014,547)
Total Expenditures	-	2,345,612	(2,345,612)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	565,561	565,561
Other Financing Sources (Uses):			
Other Sources	-	2,268	2,268
Other Uses	-	(3,722)	(3,722)
Total Other Financing Sources (Uses)	-	(1,454)	(1,454)
Net Change in Fund Balance	-	564,107	564,107
Fund Balance, July 1	2,519,789	2,519,789	-
Fund Balance, June 30	$ 2,519,789	$ 3,083,896	$ 564,107

FRUITVALE SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Capital Facilities Fund	Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-3)
ASSETS:			
Cash in County Treasury	$ 181,107	$ 1,545,026	$ 1,726,133
Accounts Receivable	1,249	10,115	11,364
Total Assets	182,356	1,555,141	1,737,497
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	$ 19,787	$ -	$ 19,787
Total Liabilities	19,787	-	19,787
Fund Balance:			
Restricted Fund Balances	162,569	-	162,569
Assigned Fund Balances	-	1,555,141	1,555,141
Total Fund Balance	162,569	1,555,141	1,717,710
Total Liabilities and Fund Balances	$ 182,356	$ 1,555,141	$ 1,737,497

FRUITVALE SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Facilities Fund	Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-4)
Revenues:			
Other Local Revenue	$ 136,717	$ 29,987	$ 166,704
Total Revenues	136,717	29,987	166,704
Expenditures:			
Current:			
General Administration	2,626	-	2,626
Capital Outlay	567,746	-	567,746
Total Expenditures	570,372	-	570,372
Excess (Deficiency) of Revenues Over (Under) Expenditures	(433,655)	29,987	(403,668)
Net Change in Fund Balance	(433,655)	29,987	(403,668)
Fund Balance, July 1	596,224	1,525,154	2,121,378
Fund Balance, June 30	$ 162,569	$ 1,555,141	$ 1,717,710

FRUITVALE SCHOOL DISTRICT

EXHIBIT C-11

BUILDING FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	$ 115,000	$ 137,091	$ 22,091
Total Revenues	115,000	137,091	22,091
Expenditures:			
Capital Outlay	8,401,018	5,168,910	3,232,108
Total Expenditures	8,401,018	5,168,910	3,232,108
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,286,018)	(5,031,819)	3,254,199
Other Financing Sources (Uses):			
Transfers In	71,177	71,177	-
Total Other Financing Sources (Uses)	71,177	71,177	-
Net Change in Fund Balance	(8,214,841)	(4,960,642)	3,254,199
Fund Balance, July 1	8,614,868	8,614,868	-
Fund Balance, June 30	$ 400,027	$ 3,654,226	$ 3,254,199

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FRUITVALE SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2019

	Columbia Elementary	Discovery Elementary
ASSETS:		
Cash on Hand and in Banks	$ 3,267	$ 10,828
Total Assets	3,267	10,828
LIABILITIES:		
Due to Student Groups	$ 3,267	$ 10,828
Total Liabilities	3,267	10,828
NET POSITION:		
Total Net Position	$ -	$ -

	Endeavour Elementary	Quailwood Elementary	Fruitvale Junior High	Total Agency Funds (See Exhibit A-10)
	$ 7,826	$ 21,669	$ 28,200	$ 71,790
	7,826	21,669	28,200	71,790
	$ 7,826	$ 21,669	$ 28,200	$ 71,790
	7,826	21,669	28,200	71,790
	$ -	$ -	$ -	$ -

FRUITVALE SCHOOL DISTRICT **EXHIBIT C-13**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2018

STUDENT BODY ACTIVITIES	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
COLUMBIA ELEMENTARY STUDENT BODY				
ASSETS				
Cash and investments	$ 1,411	$ 29,266	$ 27,410	$ 3,267
Total Assets	$ 1,411	$ 29,266	$ 27,410	$ 3,267
LIABILITIES				
Due to student groups	$ 1,411	$ 29,266	$ 27,410	$ 3,267
Total Liabilities	$ 1,411	$ 29,266	$ 27,410	$ 3,267
DISCOVERY ELEMENTARY STUDENT BODY				
ASSETS				
Cash and investments	$ 6,776	$ 114,631	$ 110,579	$ 10,828
Total Assets	$ 6,776	$ 114,631	$ 110,579	$ 10,828
LIABILITIES				
Due to student groups	$ 6,776	$ 114,631	$ 110,579	$ 10,828
Total Liabilities	$ 6,776	$ 114,631	$ 110,579	$ 10,828
ENDEAVOUR ELEMENTARY STUDENT BODY				
ASSETS				
Cash and investments	$ 11,538	$ 50,931	$ 54,643	$ 7,826
Total Assets	$ 11,538	$ 50,931	$ 54,643	$ 7,826
LIABILITIES				
Due to student groups	$ 11,538	$ 50,931	$ 54,643	$ 7,826
Total Liabilities	$ 11,538	$ 50,931	$ 54,643	$ 7,826
QUAILWOOD ELEMENTARY STUDENT BODY				
ASSETS				
Cash and investments	$ 21,218	$ 60,521	$ 60,070	$ 21,669
Total Assets	$ 21,218	$ 60,521	$ 60,070	$ 21,669
LIABILITIES				
Due to student groups	$ 21,218	$ 60,521	$ 60,070	$ 21,669
Total Liabilities	$ 21,218	$ 60,521	$ 60,070	$ 21,669
FRUITVALE JUNIOR HIGH STUDENT BODY				
ASSETS				
Cash and investments	$ 38,253	$ 52,192	$ 62,245	$ 28,200
Total Assets	$ 38,253	$ 52,192	$ 62,245	$ 28,200
LIABILITIES				
Due to student groups	$ 38,253	$ 52,192	$ 62,245	$ 28,200
Total Liabilities	$ 38,253	$ 52,192	$ 62,245	$ 28,200
TOTAL AGENCY FUNDS:				
ASSETS				
Cash and investments	$ 79,196	$ 307,541	$ 314,947	$ 71,790
Total Assets	$ 79,196	$ 307,541	$ 314,947	$ 71,790
LIABILITIES				
Due to student groups	$ 79,196	$ 307,541	$ 314,947	$ 71,790
Total Liabilities	$ 79,196	$ 307,541	$ 314,947	$ 71,790

The accompanying notes are an integral part of this statement.

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Supplementary Information Section

FRUITVALE SCHOOL DISTRICT
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2019

The District was established in 1895 in Kern County, and is currently operating one junior high and four elementary schools: Fruitvale Junior High, Quailwood Elementary, Discovery Elementary, Columbia Elementary and Endeavour Elementary. The junior high school has a grade span of seventh and eighth; and the elementary schools have grade spans of Kindergarten through sixth. There were no changes in the boundaries of the District during the year ended June 30, 2019.

Governing Board

Name	Office	Term Expiration
Andrew Bransby	President	2022
Stan Greene	Clerk	2020
Tina K. Stout	Member	2022
William Jager	Member	2020
Richard Traynor	Member	2022

Administration

Mary Westendorf, Ed.D.
Superintendent

Kim Carlson
Assistant Superintendent

Rebecca Thomas
Chief Business Official

FRUITVALE SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019

	Second Period	Annual
TK/K-3:		
Regular ADA	1,363.70	1,364.03
Extended Year Special Education	-	3.06
TK/K-3 Totals	1,363.70	1,367.09
Grades 4-6:		
Regular ADA	1,033.93	1,033.90
Extended Year Special Education	-	2.05
	1,033.93	1,035.95
Grades 7 and 8:		
Regular ADA	662.71	659.32
Extended Year Special Education	-	-
	662.71	659.32
ADA Totals	3,060.34	3,062.36

There were no audit findings which resulted in necessary revisions to attendance.

Average daily attendance is a measurement of the number of pupils attending classes of the district or charter school. 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 and charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Grade Level	Ed. Code 46207 Minutes Requirement	Ed. Code 46207 Adjusted & Reduced	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Transitional Kindergarten	36,000	N/A	49,380	180	N/A	Complied
Kindergarten	36,000	N/A	49,380	180	N/A	Complied
Grade 1	50,400	N/A	51,060	180	N/A	Complied
Grade 2	50,400	N/A	51,060	180	N/A	Complied
Grade 3	50,400	N/A	57,370	180	N/A	Complied
Grade 4	54,000	N/A	57,370	180	N/A	Complied
Grade 5	54,000	N/A	57,370	180	N/A	Complied
Grade 6	54,000	N/A	57,370	180	N/A	Complied
Grade 7	54,000	N/A	56,432	180	N/A	Complied
Grade 8	54,000	N/A	56,432	180	N/A	Complied

Districts must maintain their instructional minutes as defined in Education Code Section 46207.

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

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

General Fund		Budget 2020 (see note 1)		2019		2018		2017
Revenues and other financial sources	$	32,973,614	$	33,634,784	$	31,920,516	$	31,340,399
Expenditures		33,041,965		33,278,884		31,263,805		29,579,710
Other uses and transfers out		88,150		85,222		250,403		-
Total outgo		33,130,115		33,364,106		31,514,208		29,579,710
Change in fund balance (deficit)		(156,501)		270,678		406,308		1,760,689
Ending fund balance	$	9,010,805	$	9,167,306	$	8,896,628	$	8,490,320
Available reserves (see note 2)	$	6,504,280	$	5,750,781	$	6,827,378	$	5,212,559
Available reserves as a percentage of total outgo		19.6%		17.2%		21.7%		17.6%
Total long-term debt	$	62,347,355	$	64,716,491	$	62,664,182	$	48,736,661
Average daily attendance at P-2		3,060		3,060		3,135		3,127

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 fund balance of the general fund has increased by $676,986 (8.0%) over the past two years. The fiscal year 2019-2020 budget projects a decrease of $156,501 (1.7%). For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

The District has not incurred any operating deficits in any of the past three years, but projects a deficit during the 2019-2020 fiscal year. Total long-term debt has increased by $15,979,830 over the past two years.

Average daily attendance has decreased by 67 over the past two years. During fiscal year 2019-2020, no change of average daily attendance is anticipated.

NOTES:
1 The budget for 2020 is included for analytical purposes only and has not been subjected to audit.
2 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

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 SACS report to the audited financial statements. Funds that required no adjustment are not presented.

There were no audit adjustments for any fund impacting the fund balance.

SCHEDULE OF CHARTER SCHOOLS AND OTHER INFORMATION
YEAR ENDED JUNE 30, 2019

No charter schools are chartered by Fruitvale School District.

Charter Schools	Included In Audit?
None	N/A

Subrecipients
The District did not provide any awards to subrecipients.

De Minimis Cost Rate
The District did not elect to use the 10% de minimis cost rate.

Excess Sick Leave
The District did not authorize or accrue any excess sick leave as that term is defined in subdivision (c) of Education Code Section 22170.5 for the District's employees who are members of the California State Teachers' Retirement System (CalSTRS).

FRUITVALE SCHOOL DISTRICT

TABLE D-6

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
U. S. Department of Agriculture				
Passed Through California Department of Education (CDE):				
School Breakfast Program-Basic	10.553	13525	$ -	$ 226,463
National School Lunch Program	10.555	13523,13524	-	678,595
Total Passed Through California Department of Education (CDE)			-	905,058
Total U. S. Department of Agriculture			-	905,058
Total Child Nutrition Cluster			-	905,058
MEDICAID CLUSTER:				
U. S. Department of Health and Human Services				
Passed Through County Office of Education:				
Medical Assistance Program (Billing Option)	93.778	10013	-	159,702
Total U. S. Department of Health and Human Services			-	159,702
Total Medicaid Cluster			-	159,702
SPECIAL EDUCATION (IDEA) CLUSTER:				
U. S. Department of Education				
Passed Through California Department of Education (CDE):				
Special Ed: IDEA Basic Local Assistance Entitlement	84.027	13379	-	563,910
Special Ed: IDEA Preschool Local Entitlement	84.027	13682	-	64,557
Special Education-Preschool Grant	84.173	13430	-	15,724
Total Passed Through California Department of Education (CDE)			-	644,191
Total U. S. Department of Education			-	644,191
Total Special Education (IDEA) Cluster			-	644,191
OTHER PROGRAMS:				
U. S. Department of Education				
Passed Through California Department of Education (CDE):				
Title I Grants to Local Educational Agencies	84.010	14329	-	409,596
Improving Teacher Quality State Grants	84.367	14341	-	42,048
Total Passed Through California Department of Education (CDE)			-	451,644
Total U. S. Department of Education			-	451,644
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 2,160,595

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 grant activity of Fruitvale School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Fruitvale School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The District did not participate in any loan or loan guarantee programs as described in Title 2, Code of Federal Regulations, Part 200.502(b) during the year.

Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent the difference between funds received and funds expended in the current year for programs which are classified as entitlements and therefore are not subject to revenue deferral. The unspent balances are reported as legally restricted ending balances with the General Fund.

	Federal CFDA Number	Amount
Total Federal Revenues - Statement of Revenues, Expenditures and Changes in Fund Balances		$ 2,178,362
Reconciling items: Medical Assistance Program	93.778	(17,767)
Total Expenditures of Federal Awards		$ 2,160,595

Other Independent Auditor's Reports

Linger, Peterson & Shrum
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928

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
Fruitvale School District
Bakersfield, California 93308

Members of the Board of Trustees:

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, the business-type activities, each major fund, and the aggregate remaining fund information of Fruitvale School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Fruitvale School District's basic financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fruitvale 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*.

Purpose of this Report

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

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 13, 2019

Linger, Peterson & Shrum
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928

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

Board of Trustees
Fruitvale School District
Bakersfield, California 93308

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Fruitvale 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 Fruitvale School District's major federal program for the year ended June 30, 2019. Fruitvale School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fruitvale 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 the Fruitvale School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Fruitvale 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 its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Fruitvale 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 the Fruitvale School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fruitvale School District's internal control over compliance.

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

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

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 13, 2019

Linger, Peterson & Shrum
Certified Public Accountants
575 East Locust Ave., Suite 308
Fresno, California 93720-2928

<u>Independent Auditor's Report on State Compliance</u>

Board of Trustees
Fruitvale School District
Bakersfield, California 93308

Members of the Board of Trustees:

Report on State Compliance

We have audited 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,* prescribed in Title 5, *California Code of Regulations,* Section 19810 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 applicable program as identified in the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810**.** 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,* prescribed in Title 5, *California Code of Regulations,* Section 19810. 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	No
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio 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
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	No
After School Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	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.

We did not perform procedures for California Clean Energy Job Act as the district did not have any expenditures during the current fiscal year.

Opinion on State Compliance

In our opinion, Fruitvale School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2019.

Fruitvale School District's Response to Findings

Fruitvale School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Fruitvale 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 compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum

Fresno, California
December 13, 2019

Findings and Recommendations Section

FRUITVALE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
One or more material weaknesses identified?		Yes	X	No
One or more significant deficiencies identified that are not considered to be material weaknesses?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

2. Federal Awards

Internal control over major programs:				
One or more material weaknesses identified?		Yes	X	No
One or more significant deficiencies identified that are not considered to be material weaknesses?		Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Version of compliance supplement used in audit:	8/1/2019			
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?		Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or 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?	X	Yes		No

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting? ____ Yes   X No

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

B. Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of "Government Auditing Standards."

There were no Financial Statement findings or questioned costs.

C. Federal Award Findings and Questioned Costs

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

There were no Federal award findings or questioned costs.

D. State Award Findings and Questioned Costs

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

There were no State award findings or questioned costs.

FRUITVALE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented

There were no prior year findings or questioned costs.

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF BAKERSFIELD AND KERN COUNTY

*The Bonds are not a debt of the City of Bakersfield (the **"City"**) or Kern County (the **"County"**). The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (i) levy and collect ad valorem taxes for payment of the Bonds in accordance with the law; and (ii) transmit the proceeds of such taxes to the paying agent for the payment of the principal of and interest on the Bonds at the time such payment is due.*

General Information

The City. The City is located in the County, California, at the southern end of the San Joaquin Valley, approximately 110 miles north of Los Angeles and 290 miles south of San Francisco. The City maintains an incorporated area of approximately 148 square miles, with an additional 170 square miles of land located within the City's sphere of influence.

The City was incorporated on January 11, 1898, under the general laws of the State. The City is a charter city with a council/manager form of government. The City Council is comprised of seven council members, elected by ward on a staggered basis for a term of four years. The mayor is directly elected for a four-year term. The council appoints the City Attorney and the City Manager, who also serves as the Executive Director of the Bakersfield Redevelopment Agency.

The City is a regional center for industry, government, transportation, retail trade, medical services, and oil field operations. Major manufacturing activities include iron and steel fabrication, plastic foam products, food products, petroleum refining, and textiles. The City is one of the leading convention centers in the State and is the commercial hub of the County. As the County seat, it is the location of many county, state, and federal offices.

The County. The County is located approximately 100 miles north of Los Angeles County in south-central California. The County is the third largest county in California, covering 8,073 square miles. Surrounded by three major mountain ranges, the County has three climatic zones: valley, mountain and high desert. Bordered on the west by San Luis Obispo and Santa Barbara Counties, to the east by San Bernardino County and on the north by Kings, Tulare and Inyo Counties, the County measures 120 miles east to west and 67 miles north to south.

The County's economy is heavily linked to agriculture and to petroleum extraction. There is also a strong aviation, space, and military presence, such as Edwards Air Force Base, the China Lake Naval Air Weapons Station, and the Mojave Air and Space Port.

Population

The following table lists population figures for the County and major cities in the County (including the City) as of January 1, for the last five completed calendar years.

COUNTY OF KERN
Population Estimates - Calendar Years 2015 through 2019

Area	2015	2016	2017	2018	2019
Arvin	20,282	20,836	21,172	21,577	22,178
Bakersfield	**372,060**	**376,996**	**380,499**	**384,921**	**389,211**
California City	14,424	14,133	14,481	14,871	15,000
Delano	52,491	52,587	53,231	53,664	53,936
Maricopa	1,164	1,163	1,216	1,237	1,240
Mcfarland	14,135	14,541	14,880	15,171	15,242
Ridgecrest	28,583	28,646	29,017	29,404	29,712
Shafter	18,164	18,329	19,306	20,093	20,886
Taft	9,505	9,391	9,451	9,493	9,430
Tehachapi	13,145	12,595	12,980	12,976	13,668
Wasco	26,294	26,426	27,002	27,681	27,955
Unincorporated	310,920	311,052	312,796	315,475	318,006
County Total	**881,167**	**886,695**	**896,031**	**906,563**	**916,464**

Source: State Department of Finance estimates.

Employment and Industry

The unemployment rate in the County was 7.2 percent in December 2019, up from a revised 6.4 percent in November 2019, and below the year-ago estimate of 7.5 percent. This compares with an unadjusted unemployment rate of 3.7 percent for California and 3.4 percent for the nation during the same period.

The table below provides information about employment rates and employment by industry type for the County for calendar years 2014 through 2018.

BAKERSFIELD METROPOLITAN STATISTICAL AREA
(KERN COUNTY)
Annual Averages of Civilian Labor Force, Employment and Unemployment
and Employment by Industry
Calendar Years 2014 through 2018
(March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force (1)	392,500	390,300	388,300	384,800	387,000
Employment	351,700	350,500	348,000	349,500	356,100
Unemployment	40,800	39,900	40,300	35,300	30,900
Unemployment Rate	10.4%	10.2%	10.4%	9.2%	8.0%
Wage and Salary Employment (2)					
Agriculture	60,100	59,300	62,700	62,100	61,900
Mining and Logging	12,900	11,400	9,000	8,600	9,300
Construction	18,200	16,500	14,500	14,900	16,100
Manufacturing	14,600	14,200	13,500	13,400	13,200
Wholesale Trade	8,700	8,300	8,100	8,200	8,300
Retail Trade	30,300	31,500	32,100	32,000	32,000
Transportation, Warehousing and Utilities	10,500	10,900	11,000	11,500	13,300
Information	2,400	2,700	2,200	2,000	2,000
Financial Activities	8,200	8,000	7,800	7,700	7,600
Professional and Business Services	27,100	26,800	26,500	26,100	26,900
Educational and Health Services	32,600	33,400	34,800	36,400	37,800
Leisure and Hospitality	23,700	25,000	25,500	25,900	26,600
Other Services	7,800	7,700	7,700	7,700	7,900
Federal Government	9,600	9,900	10,200	10,400	10,400
State Government	9,200	9,600	9,900	10,100	10,300
Local Government	40,800	42,100	43,700	44,700	45,200
Total, All Industries (3)	316,600	317,200	319,100	321,800	328,800

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

Major Employers

The table below lists the major employers in the County as of March 2020, listed alphabetically.

COUNTY OF KERN
Major Employers
As of March 2020

Employer Name	Location	Industry
Adventist Health Bakersfield	Bakersfield	Hospitals
Bakersfield Memorial Hospital	Bakersfield	Hospitals
California Correctional Inst	Tehachapi	Government Offices-State
Chevron	Bakersfield	Management Services
Dignity Health	Bakersfield	Hospitals
Edwards Air Force Base	Edwards	Military Bases
Ensign United States Drilling	Bakersfield	Energy Management Systems & Products
Foster Care Human Svc	Bakersfield	Foster Care
Golden Empire Transit	Bakersfield	Business Services NEC
Grimmway Farms	Arvin	Farms
John J Kovacevich & Sons	Arvin	Fruits & Vegetables-Growers & Shippers
Kern County Human Svc Dept	Bakersfield	Government Offices-County
Marko Zaninovich Inc	Mc Farland	Fruits & Vegetables-Growers & Shippers
Nabors Completion-Production	Bakersfield	Oil Field Service
Nasa/Dryden Flight Research	Edwards	Research Service
NAVAL Air Warfare Ctr	Ridgecrest	Military Bases
Paramount Farms Huller 4	Lost Hills	Farms
Ridgecrest Regional Hospital	Ridgecrest	Hospitals
Robertson's Ready Mix	California City	Concrete-Ready Mixed
Sierra Sands Unified Sch Dist	Ridgecrest	School Districts
Sun Pacific	Bakersfield	Fruits & Vegetables-Growers & Shippers
US Naval Air Weapons Station	Ridgecrest	Federal Government-National Security
US Navy Public Affairs Office	Ridgecrest	Government Offices-Us
Wasco State Prison Fire Dept	Wasco	Government Offices-State
Wm Bolthouse Farms Inc	Bakersfield	Agricultural Consultants

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2018 1st Edition.

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 total effective buying income for the City, the County, the State and the United States for the period 2016 through 2020.

CITY OF BAKERSFIELD, COUNTY OF KERN, THE STATE OF CALIFORNIA AND THE UNITED STATES
Effective Buying Income
As of January 1, 2016 through 2020

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2016	City of Bakersfield	$7,285,428	$48,732
	Kern County	15,083,625	43,795
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Bakersfield	$7,593,751	$50,066
	Kern County	15,494,594	44,716
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Bakersfield	$8,150,194	$53,692
	Kern County	16,598,425	47,525
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Bakersfield	$7,798,290	$49,880
	Kern County	15,778,809	44,937
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Bakersfield	$8,104,007	$51,326
	Kern County	16,273,026	45,789
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303

Source: The Nielsen Company (US), Inc for years 2016 through 2018; Claritas, LLC for 2019 and 2020.

Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first three quarters of calendar year 2019 in the City were reported to be $4.752 billion, a 1.45% decrease over the total taxable sales of $4,685 billion reported during the first three quarters of calendar year 2018. Annual figures for calendar year 2019 are not yet available.

CITY OF BAKERSFIELD
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Figures in Thousands)

	Retail Stores		**Total Outlets**	
Year	Retail Permits on July 1	Taxable Transactions	Total Permits on July 1	Taxable Transactions
2014	6,013	$4,769,788	8,096	$6,284,932
2015(1)	6,345	4,711,732	9,223	5,917,676
2016	6,348	4,742,311	9,338	5,806,458
2017	6,315	4,872,067	9,246	6,037,168
2018	6,680	5,156,811	9,937	6,378,358

(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: State Department of Tax and Fee Administration.

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 three quarters of calendar year 2019 in the County were reported to be $11.567 billion, a 3.70% increase over the total taxable sales of $11,155 billion reported during the first three quarters in calendar year 2018. Annual figures for calendar year 2019 are not yet available.

COUNTY OF KERN
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Figures in Thousands)

	Retail Stores		**Total Outlets**	
Year	Retail Permits on July 1	Taxable Transactions	Total Permits on July 1	Taxable Transactions
2014	11,519	$8,589,322	16,336	$15,722,694
2015(1)	6,303	8,549,819	18,455	14,322,101
2016	12,097	8,566,623	18,556	13,885,643
2017	12,253	9,021,040	18,743	13,883,734
2018	12,558	9,716,458	19,612	15,130,972

(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: State Department of Tax and Fee Administration.

Construction Activity

Building activity for the past five years in the City and the County are shown in the following tables.

CITY OF BAKERSFIELED
Total Building Permit Valuations
For Calendar Years 2014 through 2018
(Valuations in Thousands)

	2014	**2015**	**2016**	**2017**	**2018**
Permit Valuation					
New Single-family	$338,145.2	$360,611.5	$359,121.7	$256,061.5	$281,016.2
New Multi-family	43,633.1	23,571.4	11,824.0	1,869.0	17,813.9
Res. Alterations/Additions	14,497.3	12,662.6	14,445.0	26,715.6	14,323.2
Total Residential	396,305.6	396,845.5	385,390.7	284,646.1	313,153.3
New Commercial	37,682.3	36,895.9	40,325.3	48,251.1	75,183.3
New Industrial	0.0	0.0	2,380.8	0.0	0.0
New Other	19,206.3	16,223.4	12,430.8	31,361.4	9,732.8
Com. Alterations/Additions	70,783.3	74,256.1	86,915.8	75,846.0	65,011.1
Total Nonresidential	127,671.9	127,375.4	142,052.7	155,458.5	149,927.2
New Dwelling Units					
Single Family	1,340	1,333	1,338	930	997
Multiple Family	326	198	56	6	126
TOTAL	1666	1,531	1,394	936	1,123

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF KERN
Total Building Permit Valuations
For Calendar Years 2014 through 2018
(Valuations in Thousands)

	2014	**2015**	**2016**	**2017**	**2018**
Permit Valuation					
New Single-family	$444,592.4	$496,973.6	$489,908.4	$396,101.1	$425,996.3
New Multi-family	51,730.1	28,017.3	12,500.9	2,169.0	43,680.2
Res. Alterations/Additions	32,193.6	27,705.0	30,119.6	44,923.7	29,973.5
Total Residential	528,516.1	552,695.9	532,528.9	443,193.8	499,650.0
New Commercial	148,418.5	116,726.1	121,385.2	182,439.2	385,525.8
New Industrial	19,876.5	11,396.1	5,469.5	14,027.3	5,884.3
New Other	627,586.8	646,808.6	89,364.6	52,473.8	62,362.4
Com. Alterations/Additions	165,036.0	144,820.5	132,775.7	121,754.7	116,848.6
Total Nonresidential	960,917.8	919,751.3	348,995.0	370,695.0	570,621.1
New Dwelling Units					
Single Family	2,047	2,184	2,181	1,844	1,894
Multiple Family	380	270	66	10	346
TOTAL	2,427	2,454	2,247	1,854	2,240

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

Well-developed surface and air transportation facilities are available to City residents and business firms. Main lines of both the Union Pacific and the Burlington Northern Santa Fe railroads traverse the area. Amtrak service is available.

State Highway 99, the main north-south artery serving the most populous communities along the east side of the Central Valley, runs through the center of the City. State Highway 58 provides east-west linkage between Interstate 5, 20 miles west, and Interstate 15 at Barstow, to the east, Highway 178, heading northeast, is the major route along the Kern River Valley. Highway 65, to the north, provides access to communities east of Highway 99 and to Sequoia National Park.

Interurban motor transportation is made available by Orange Belt Stages, Greyhound, and Trailways. Golden Empire Transit provides local bus transportation.

The Meadows Field Airport adjoins the City to the north. Regularly scheduled passenger and aircargo service is available, as well as charter service and general aviation services. The Meadows Field Airport includes the William M. Thomas Terminal, a 64,800 square foot, state-of-the-art terminal facility completed in November 2005 that is currently equipped with three jet-boarding bridges, but that may be expanded to accommodate up to nine gates. A second, older terminal has been converted to accommodate international flights to Mexico.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

________, 2020

Board of Trustees
Fruitvale School District
7311 Rosedale Hwy.
Bakersfield, California 93308

OPINION: $_____________ Fruitvale School District (Kern County, California) General Obligation Bonds, Election of 2016, Series B

Members of the Board of Trustees:

We have acted as bond counsel to the Fruitvale School District (the "District") in connection with the issuance by the District of $_____________ principal amount of Fruitvale School District (Kern County, California) General Obligation Bonds, Election of 2016, Series B, dated the date hereof (together, 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 of the Board of Trustees adopted on Tuesday April 14, 2020 (the "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 Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a school district with the power to 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 a valid and binding obligation of the Board enforceable against the Board in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Kern is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property that is taxable at limited rates).

4. The 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 opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. 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.

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

$______________
FRUITVALE SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds
Election of 2016, Series B

<u>CONTINUING DISCLOSURE CERTIFICATE</u>

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Fruitvale 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 Tuesday April 14, 2020 (the "**Resolution**"). Zions Bancorporation, National Association is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby covenants and agrees as follows:

Section 1. <u>Purpose of the Disclosure Certificate</u>. 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. <u>Definitions</u>. 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 Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, 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 Zions Bancorporation, National Association, Los Angeles, California, or any successor thereto.

"*Participating Underwriter*" means any of the original purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing 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.

(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 with respect to the most recently completed fiscal year or, if available at the time of filing, the then-current fiscal year:

(i) total assessed value of taxable property in the District;

(ii) the top twenty secured property taxpayers and their respective secured property assessed values;

(ii) property tax levies, collections and delinquencies, but only if the District's general obligation bond collections are not included on Kern County's Teeter Plan; and

(iii) the District's most recently approved Budget or interim report, which is available at the time of filing the Annual Report.

(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. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the 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 Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices. 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

FRUITVALE SCHOOL DISTRICT

By: ______________________________
Name:_____________________________
Title:______________________________

ACCEPTANCE OF DUTIES
AS DISSEMINATION AGENT

FIELDMAN, ROLAPP & ASSOCIATES, INC.,
dba APPLIED BEST PRACTICES

By: ______________________________
Name:_____________________________
Title:______________________________

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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

KERN COUNTY INVESTMENT POLICY
AND INVESTMENT REPORT

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OFFICE OF THE TREASURER-TAX COLLECTOR
COUNTY OF KERN

TREASURER'S STATEMENT OF INVESTMENT POLICY
Approved By the Board of Supervisors December 17, 2019

SCOPE:

The County of Kern's Investment Policy has been prepared in accordance with California Government Code (CGC) sections *53630* et seq. The complete text of California Government Code Section *53630* is set forth on the Internet at www.leginfo.ca.gov.

This policy shall be reviewed annually by the County's Treasury Oversight Committee and approved by the County Board of Supervisors. The purpose of this policy is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the management and investment of the County Treasurer's Pool, which consists of pooled monies held on behalf of the County, school districts, community college districts and certain special districts within the County.

This policy shall apply to all investments held within the County Treasurer's Pool and made on behalf of the County and member agencies of the Pool with the exception of certain bond funds for which the Board of Supervisors may specifically authorize other allowable investments, consistent with State law. Also exempt from this policy are retirement funds and other post employment benefit (OPEB) funds managed through an external trust. The Treasurer and Treasurer's staff are responsible for the full-time, active management of the Pool. All investments and activities of the Treasurer and staff are conducted with the understanding that the Treasurer holds a public trust with the citizens of the County, which cannot be compromised.

FIDUCIARY RESPONSIBILITY:

CGC Section 27000.3, declares each Treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard as stated in CGC Section 53600.3:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law."

PORTFOLIO OBJECTIVES:

It is the policy of the Treasurer to invest public funds in a manner which will preserve the safety and liquidity of all investments within the County investment pool while obtaining a reasonable return within established investment guidelines. The portfolio should be actively managed in a manner that is responsive to the public trust and consistent with State law. Accordingly, the County Treasurer's Pool will be guided by the following principles, in order of importance:

1. The primary objective of the Treasurer's investment of public funds is to safeguard investment principal.
2. The secondary objective is to maintain sufficient liquidity to insure that funds are available to meet daily cash flow requirements.
3. The third and last consideration is to achieve a reasonable rate of return or yield consistent with these objectives.

AUTHORIZED INVESTMENTS:

Investments shall be restricted to those authorized in the CGC and as further restricted by this policy statement, with the exception of certain bond funds in which the Board of Supervisors has specifically authorized other allowable investments. All investments shall be further governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification (maximum percent of portfolio), credit quality standards, and purchase restrictions that apply. Whenever a maximum allowable percentage of the portfolio is stipulated for any type of security or structural maturity range, the limit or maximum allowable is determined by the portfolio size at the close of the date on which the security is settled.

In conjunction with these restrictions, County Treasurer staff shall diversify its investments by security type, issuer and maturity. The purpose of this diversification is to reduce portfolio risk by avoiding an over concentration in any particular maturity sector, asset class or specific issuer. As Agency security holdings are the largest portion of the pool, diversification among the Agency issuers should be considered to the extent practical when making investments.

PROHIBITED INVESTMENTS:

No investment shall be made that is prohibited by *53601.6* as may be from time to time amended.

STAFF AUTHORIZED TO MAKE INVESTMENTS:

Only the Treasurer, Assistant Treasurer, Principal Treasury Investment Officer and department Accountants, when acting as the Investment Officer, are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

AUTHORIZED BROKER/DEALERS:

The County Treasurer shall maintain an 'Eligible Broker/Dealer List'. Firms eligible to do business with the County are:

- Primary Broker/Dealers eligible to trade with the New York branch of the Federal Reserve Bank

- Regional Broker/Dealers meeting the minimum capital requirements of the Securities Exchange Commission

- Introducing Brokers meeting the minimum capital requirements of the Securities Exchange Commission

- National or State banks, domestic branches of properly licensed foreign banks, credit unions, savings and loan institutions, thrift associations

- Direct Issuers meeting the appropriate credit criteria for the securities being offered

- Other institutions as authorized by law

All firms with whom the County does business shall comply with the requirements set forth in Schedule IV. County Treasurer staff shall conduct an annual review of each Broker/Dealer's current financial condition and performance in servicing the County over the prior year.

Further, in compliance with CGC Section 27133(c) & (d), no dealer and/or securities firm shall be eligible if they have made a political contribution in excess of the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board or exceeded the limit on honoraria, gifts, and gratuities set by State law, or by the Fair Political Practices Commission, by County Ordinance or Departmental Policy.

DUE DILIGENCE:

County Treasurer staff shall conduct a thorough review and perform due diligence of all firms seeking to do business with the County prior to conducting transactions with those parties and on a continuing basis. This due diligence may include a periodic review of recent news, financial statements and SEC filings related to each entity.

INTERNAL CONTROL:

The County Treasurer has established a system of internal control to provide reasonable assurance that the investment objectives are met and to ensure that the assets of the County Treasury Pool are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that the cost of control shall not exceed the benefits likely to be derived and that the valuation of costs and benefits require estimates and judgments by management. The County Treasurer shall develop and maintain written procedures for the operation of the investment program, which are consistent with this policy. These procedures shall include reference to separation of duties, safekeeping, collateralization, wire transfers and banking related activities.

Except for declared emergencies, the County Treasurer's Office shall observe the following procedures on a daily basis:

1. All investment transactions conducted by the County Treasurer's Office shall be immediately confirmed and entered into the Treasurer's Portfolio Accounting System.
2. A copy of each day's investment transactions shall be filed with the County Auditor-Controller.

3. County investments shall be executed, confirmed, accounted for, and audited by different people.

SECURITY CUSTODY & DELIVERIES:

All securities purchased shall be deposited for safekeeping with the Custodial Bank that has contracted to provide the County Treasurer with custodial security clearance services or with a tri-party custodian bank under a written tri-party custody agreement. These third party trust department arrangements provide the County with a perfected interest in, ownership of and control over the securities held by the bank custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are not to be held in investment firm/broker dealer accounts. All security holdings shall be reconciled monthly by the County Treasurer and audited at least quarterly by the County Auditor.

All security transactions are to be conducted on a "delivery-versus-payment basis". All trades will be immediately confirmed with the Broker/Dealer and reconfirmed through the Custodian Bank.

COMPETITIVE PRICING:

Investment transactions are to be made at current market prices. Wherever possible, competitive prices should be obtained through obtaining multiple bids or offers. When possible, bids and offers for any investment security shall be taken from a minimum of three security dealers/brokers or banks and awards shall be made to the best bid or offer. The primary source of pricing information and guidance will be that information available through Bloomberg LLP, a world-wide financial news service to which the County subscribes.

LIQUIDITY:

The portfolio will maintain a weighted-average maturity of no greater than 2 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio will maintain at least 35% of its total book value in securities having a maturity of one (1) year or less.

PORTFOLIO EVALUATION:

The portfolio is monitored and evaluated daily, monthly, and quarterly by the County Treasurer's Office. Monthly market value pricing is provided by a third party. Earned yield is calculated each month. Benchmarks for earned yield and investment performance will be commensurate with the pool's investment goals, credit limits, and target weighted average maturity and duration.

MITIGATING MARKET & CREDIT RISKS:

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by Standard & Poor's, Moody's and Fitch's rating services on the credit worthiness of each issuer of securities, (2) limiting the duration of investments to the time frames noted in Schedule I, and (3) by maintaining the diversification and liquidity standards expressed within this policy.

In the event of a downgrade of a security held in the portfolio, the Principal Treasury Investment Officer shall report the downgrade to the Treasurer within a maximum of 3 days. In the event of a downgrade below the minimum credit ratings authorized by this policy, the security shall be evaluated on a case-by-case basis to determine whether the security shall be sold or held. Every effort will be made to sell such a security without a book loss. In the event of a potential loss upon sale, the Treasurer will evaluate whether to hold or sell the security based on the amount of loss, remaining maturity and any other relevant factors including the issuer's default risk, headline risk, and short term vs. long term financial metrics.

TRADING & EARLY SALE OF SECURITIES:

Securities should be purchased with the intent of holding them until maturity. However, in an effort to minimize market risks, credit risks, and increase the return of the portfolio, securities may be sold prior to maturity either at a profit or loss when economic circumstances or a deterioration in credit worthiness of the issuer warrant a sale of the securities to either enhance overall portfolio return or to minimize loss of investment principal. In measuring a profit or loss, the sale proceeds shall be compared to the original cost of the security plus accrued interest earned and/or any accretion or amortization of principal on the security from the date of purchase or the last coupon date, to the date of sale.

PORTFOLIO REPORTS/AUDITING:

On a monthly basis, the County Treasurer shall prepare and file with the Board of Supervisors, the County Administrative Officer, and County Auditor-Controller, a report consisting of, but not limited to, the following:

1. Monthly investment transactions, investments detailing each by type, issuer, date of maturity, par value and stating the book vs. current market value together with all other portfolio information required by law.
2. Compliance of investments to the existing County Investment Policy.
3. A statement confirming the ability of the Pool to meet anticipated cash requirements for the Pool for the next six months.

TREASURY OVERSIGHT COMMITTEE:

In accordance with the CGC Section 27131, the Board of Supervisors has established a Treasury Oversight Committee. The Treasury Oversight Committee will render unbiased and objective opinions on matters involving the Treasurer's investment of public funds. Specifically, the law requires that the Treasury Oversight Committee meet to:

1. Review the Treasurer's annual Investment Policy Statement and any subsequent changes thereto, prior to its submission to the Board of Supervisors for review and adoption,
2. Review the Treasurer's investment portfolio reports and the portfolio's compliance with law and this Investment Policy,
3. Cause an annual audit to be conducted on the Treasurer's Pooled Investment portfolio.

All meetings of the Oversight Committee are to be open to the public and subject to the Ralph

M. Brown Act. By law, the Treasury Oversight Committee is not allowed to direct individual investment decisions, nor select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the County Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS:

All moneys deposited in this pool by the participants represent an individual interest in all assets and investments in the pool based upon the amount deposited. Portfolio income shall be reconciled daily against cash receipts, and quarterly prior to the distribution of earnings among those entities sharing in pooled fund investment income. Nonetheless, actual portfolio income and/or losses, net of any reserves, will be distributed quarterly using the accrual basis of accounting, in compliance with the CGC Section 53684, among those participants sharing in pooled investment income. Except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS:

Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted by CGC Section 53684 to deduct from investment income before the distribution thereof, the actual cost of the investments, auditing, depositing, handling and distribution of such income. Accordingly, the Treasurer shall deduct from pooled fund investment earnings the actual cost incurred for banking and investment related services including but not limited to*:* wire transfers, custodial safekeeping charges, necessary capital outlay*s*, the costs of investment advisory services, credit ratings, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's Office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions.

WITHDRAWAL OF FUNDS:

The Treasurer's Investment Policy establishes guidelines for unusual or unexpected withdrawal of cash and provides for adequate liquidity to cover day-to-day operations of pool depositors. On occasion, depositors have need of withdrawals that exceed those normally associated with operations. To accommodate such withdrawals, the Treasurer-Tax Collector's Office has established written notification requirements as set forth below to allow for adjustments to the liquidity position of the Portfolio. The notification required is as follows:

Withdrawals of up to $10,000,000	24 hours
Withdrawals of $10,000,001 and more	72 hours

Notification should be by email to 2servu@co.kern.ca.us. Failure to adhere to these requirements may result in payment being delayed by the Treasurer-Tax Collector's office.

Pursuant to CGC Section 27136, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool is required to first submit a request for the withdrawal to the county Treasurer-Tax Collector before withdrawing funds from the county treasury pool. Prior to approving such a request, the county

Treasurer-Tax Collector will find that the withdrawal will not adversely affect other depositors in the county treasury pool. Approval of the withdrawal does not constitute approval or endorsement of the investment.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY INTO COUNTY INVESTMENT POOL:

The County Treasurer is not soliciting nor accepting any new agency's voluntary entry into the County Treasurer's Pool.

ETHICS & CONFLICTS OF INTEREST:

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. The County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Principal Treasury Investment Officer and department Accountants are required to file annually the applicable financial disclosure statements as mandated by the Fair Political Practices Commission (FPPC) and/or by County Ordinance. In addition, the Principal Treasury Investment Officer and department Accountants are required to sign and abide by an Ethics Policy instituted by the Treasurer.

POLICY ADOPTION & AMENDMENTS:

This policy statement will become effective immediately following adoption by the Board of Supervisors, and will remain in force as long as the delegation of authority to the Treasurer to invest is in effect and until subsequently amended in writing by the County Treasurer, reviewed by the Treasury Oversight Committee and approved by the Board of Supervisors.

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OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

Schedule I

Authorized Investments

AUTHORIZED INVESTMENTS	MAXIMUM HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY (S&P/MOODY'S/ FITCH)
Inactive Accounts aka Money Market Accounts	$50,000,000 per account	Limited to depository's described in CGC 53630.5	Daily	Collateralization requirements per Govt Code section 53652.
U.S. Treasury Obligations	100%	None	5 years	Not Applicable
Notes, participation's or obligations issued by an agency of the Federal Government or U.S. government-sponsored enterprises	75%	Maximum per issuer limit of 40%	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by the State of California	10%	None	5 years	AA by at least 2 of the 3 rating agencies
Cash substitutes issued by the State of California	25%	Applies only to cash substitutes issued by the State during periods of fiscal emergency	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by agencies within the State of California	10%	None	5 years	AAA by at least 2 of the 3 rating agencies
Bonds, notes, warrants or certificates of indebtedness issued by any of the other 49 states	10%	None	5 years	AAA by at least 2 of the 3 rating agencies
Bankers Acceptances	30%	See Note 1	180 Days	Minimum A-1, P-1 or F1

Commercial paper of U.S. Corps with total assets in excess of $500 MM	40% total for all Commercial Paper	Max 10% of outstanding paper of any one issuer & max. See Note 1	270 Days	Minimum A-1, P-1 or F1
Asset-backed Commercial Paper	Included in Commercial Paper Requirements	Issuer must have program-wide credit enhancements	270 Days	Minimum A-1, P-1 or F1
Local Agency Investment Fund (LAIF)	Maximum amount permitted by LAIF	LAIF Policies	Daily	Not Applicable
Negotiable CD's issued by US National or State chartered banks or a savings association or a federal association, a state or federal credit union, or by a federally licensed or state licensed branch of a foreign bank	30%	See Note 1	5 years	Minimum A-1, P-1 or F1 for CDs issued with a maturity of one year or less. AA for CDs issued with a maturity of more than one year (must be rated by 2 of the 3 rating agencies)
Collateralized Certificates of Deposit/Deposits	10%	As stipulated in Article 2, Section 53630 et al of the Calif. Government Code	1 year	See Section 53630 et al of the California Government Code
Repurchase Agreements with 102% collateral	40%	Repurchase Agreements(contracts) must be on file	180 days	Restricted to Primary Dealers on Eligible Dealer list
Reverse Repurchase Agreements	10%	See Schedule II	92 days (See Schedule III)	Restricted to Primary Dealers on Eligible Dealer list
Medium Term Notes of corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	30%	See Note 1	5 years	Minimum rating of AA for maturities exceeding 1 year. A for maturities of one year or less. (must be rated by 2 of the 3 rating agencies)
Money Market Mutual Funds that meet requirements of Calif. Gov't. Code	15%	Registered with SEC. No NAV adjustments. No Front-end loads. No more than 10% per MMF.	Daily	AAAm or equivalent by at least 2 of the 3 rating agencies or advisor requirements

Shares of beneficial interest issued by a JPA aka Local Government Investment Pools (LGIPs)	10%	None	Daily	Advisor requirements
Asset-Backed Securities	10%	None	5 years	AAA by at least 2 of the 3 ratings agencies
Supranationals	10%	International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) only. Permitted by CGC 53601 (q) and this policy effective January 1, 2015.	5 years	AAA by at least 2 of the 3 rating agencies

Note 1: Maximum investment per issuer across all investment types will not exceed 6% of the total book value of the Pool as of date of purchase.
Note 2: Consistent with the Government Code, rating criteria in this policy do not specify any modifier (+/– or 1/2/3) and it is implied that ratings with a modifier still meet the rating requirements of this policy regardless of modifier.
Note 3: While references to ratings of AAA, AA, A are in S&P's nomenclature, they imply the equivalent ratings by all other rating agencies.

MATURITY STRUCTURE		
Maturity Range	No less Than	No more than
0-366 Days - 0 to 12months	35%	n/a
367- 1097 Days - 1 to 3 years	n/a	65%
1097-1827 Days - 3 to 5 years	n/a	25%

The weighted-average maturity of the portfolio will not exceed 2 years.

Some securities purchased by the Pool will be callable securities. Callable securities are subject to redemption prior to the final maturity date. For accounting purposes, premiums will be amortized to the next applicable call date, whereas discounts will be accreted to the final maturity date. Callable securities will not exceed 20% of the portfolio.

Some callable securities have coupons that increase at specified periods if the security is not called (step-up notes). Step-up notes will be included in the 20% allocation of callable notes, but will not exceed 10% of the total portfolio.

REPURCHASE AGREEMENTS
Repurchase agreements are restricted to primary dealers of the Federal Reserve Bank of New York. All counterparties must sign a PSA Master Repurchase Agreement and for tri-party repurchase agreements a Tri-Party Repurchase Agreement as well before engaging in any repurchase agreement transactions. Collateral for repurchase agreements shall have a market value of at least 102% of the amount invested and must be marked to market by staff or by an independent third-party or custodial bank acting under contract to the County. Collateral for term repurchase agreements should be marked to market on a regular basis. Repurchase agreements are required to be collateralized by securities authorized under Section 53601 et.

seq. of the California Government Code. Confirmations resulting from securities purchased under repurchase agreements should clearly state (A) the exact and complete nomenclature of the underlying securities purchased; (B) that these securities have been sold to the County under a repurchase agreement; and (C) the stipulated date and amount of the resale by the County back to the seller of the securities.

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OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

SCHEDULE II

POLICY STATEMENT ON REVERSE REPURCHASE AGREEMENTS

The Treasurer hereby institutes the following policies as further safeguards governing investments in Reverse Repurchase Agreements.

The total of Reverse Repurchase Agreement transactions shall not exceed 10 percent of the base value of the portfolio. The term of such agreements shall not exceed 92 calendar days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using such an agreement and the final maturity date of the same security.

1. All loaned securities subject to Reverse Repurchase Agreements shall be properly flagged and immediately accounted for in the Treasurer's financial system.

2. Investments purchased from the loaned proceeds of the Reverse Repurchase Agreement shall have maturities not exceeding the due date for repayment of the Reverse Repurchase Agreement transaction.

3. Only U.S. Treasury Notes and Federal Agency securities owned, fully paid for, and held in the Treasurer's portfolio for a minimum of 30 days can be subject to Reverse Repurchase Agreements.

4. Reverse Repurchase Agreements shall only be placed on portfolio securities:

   (a) intended to be held to maturity
   (b) fully paid for and held in the portfolio for a minimum of 30 days

5. Reverse Repurchase Agreements shall only be made with the authorized primary dealers of the Federal Reserve.

6. A contractual agreement must be in place prior to entering into a Reverse Repurchase Agreement with any authorized primary dealer.

7. Reverse Repurchase Agreement transactions shall have the approval of the County Treasurer.

TOC Approved 11/07/19
BOS Approved 12/17/19

SCHEDULE III

POLICY CRITERIA FOR COLLATERALIZED CERTIFICATE OF DEPOSITS

1. The issuing bank must provide us with an executed copy of the authorization for deposit of moneys.

2. The money-market yield on the certificate of deposit must be competitive to negotiable CD's offered by banks on the County's pre-approved list in the maturities desired by the County. The County Treasurer's Office reserves the right to negotiate higher yields based on market conditions at the time.

3. Collateral Requirements – The County will only accept municipal government securities ("muni bonds") or U.S. Treasury and Agency securities as collateral. The collateral must be held by a separate custodial bank in an account in the name of Kern County. The County must have a perfected interest in the collateral.
   a. For municipal government securities, the following requirements are listed:
      i. Securities must be issued by governmental agencies located within the State of California (generally general obligation bonds and revenue bonds only)
      ii. Securities must be "AAA" rated
      iii. Maximum maturity of securities is 5 years
      iv. Collateral must be priced at 110% of the face value of the CD on a daily basis
      v. Minimum face value of $5 million per pledged security
   b. For U.S. Treasuries and Agency securities, the following requirements are listed:
      i. Maximum maturity of securities is 5 years
      ii. Collateral must be priced at 110% of the face value of the CD on a daily basis
      iii. Minimum face value of $5 million per pledged security

   The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. Additionally, a statement of the collateral shall be provided on a monthly basis from the custodial bank.

4. The County Treasurer must be given a current audited financial statement for the financial year just ended. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

5. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc.)

6. Deposits will only be made with banks and savings and loans having branch office locations within Kern County.

SCHEDULE IV

POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS

1. All financial institutions wishing to be considered for the County of Kern's Broker/Dealer List must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses.

2. The County Treasurer's intent is to enter into a long-term relationship. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The assigned staff members must complete a Brokers Certificate stating in writing their acceptance and understanding of the County Treasurer's written Investment Policy guidelines. *Such Certificate must be renewed annually.* This is critical for the establishment of a stable, long-term relationship.

4. It is important that the firm provide related services that will enhance the account relationship which could include:

    (a) An active secondary market for its securities.
    (b) Internal credit research analysis on the securities offered for sale.
    (c) Be willing to purchase securities from our portfolio.
    (d) Be capable of providing market analysis, economic projections, newsletters.

5. The firm must provide the County with annual financial statements. All firms with whom the County does business must have a stable financial condition.

6. The County Treasury is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's Custodial Bank.

7. Without exception, all transactions are to be conducted on a delivery vs. payment (DVP) basis or for repurchase agreements, on a tri-party basis.

8. The broker/dealer must have been in operation for more than five (5) years.

9. Firms must have adequate financial strength and capital to support the level of trading that is approved. Adequate financial strength will be assessed by a review of the balance sheet and income statement of the dealer.

10. Repurchase Agreement Counterparty Minimum Requirements:
    Repurchase agreement counterparties will be limited to (i) primary government securities

dealers who report daily to the Federal Reserve Bank of New York, or (ii) banks, savings and loan associations or diversified securities broker-dealers subject to regulation of capital standards by any State or federal regulatory agency.

Counterparties must have:

(a) short-term credit ratings of at least A-1/P-1; and
(b) a minimum asset and capital size of $25 billion in assets and $350 million in capital for primary dealers

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GLOSSARY OF TERMS

ACCRUED INTEREST – Interest that has accumulated but has not yet been received.

AGENCY ISSUES – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

AMORTIZED COST – The original cost of the principal adjusted for the periodic reduction of any discount or premium from the settlement date until a specific future date (also called "Book Value").

BANKERS ACCEPTANCE – Money market instrument created from transactions involving foreign trade. Payment is guaranteed by a shipping manifest and a bank Letter of Credit accepted by the seller's bank.

BASIS POINT – A unit of measurement equal to 1/100 of 1 percent. As an example, the difference between a security yielding 3.25% and one yielding 3.20% is five basis points.

BENCHMARK – An index or security used to compare the performance of a portfolio.

BOND – A long-term debt instrument of a government or corporation promising payment of the original investment plus periodic interest payments by a specified future date.

BOOK RETURN – The sum of all investment income plus changes in the realized gains or losses of a portfolio for a given period.

BULLET – A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

CALLABLE BOND – A bond in which all or a portion of its outstanding principal may be redeemed prior to maturity by the issuer under specified conditions.

COLLATERALIZATION – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

COLLATERALIZED CERTIFICATE OF DEPOSIT – A non-negotiable instrument representing a deposit into a bank. The interest rate and maturity are specified on the receipt. It is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

COMMERCIAL PAPER – An unsecured short-term promissory note of a corporation or special purpose entity issued at a specified rate of return for a specified period of time.

COUPON – The stated interest rate on a debt security that an issuer promises to pay.

CREDIT QUALITY – An indication of the risk that an issuer of a security will fulfill its obligation.

CREDIT RATING – A standardized assessment, expressed in alphanumeric characters, of a company's credit quality.

CREDIT RISK – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CUSIP – A unique identifier for a security developed by the Committee on Uniform Security Identification Procedures (CUSIP). The identifier is a nine-digit alphanumeric character *string*. The first six characters identify the issuer, the following two identify the issue, and the final character is a Check-digit.

DERIVATIVES – Securities which derive their value from that of another security or an underlying index, currency or other measure. Floating rate notes (also “floaters”) are not considered derivatives.

DISCOUNT INSTRUMENTS – Securities that are sold at a discount to face value.

DIVERSIFICATION – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

DOLLAR WEIGHTED AVERAGE MATURITY – The sum of the cost of each security investment multiplied by the number of days to maturity, divided by the total cost of security investments.

EFFECTIVE DURATION – Is a measure of the price volatility of a portfolio that provides an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in market interest rates. An effective duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would be expected to decrease by 1.0 percent.

EARNINGS APPORTIONMENT – Is the quarterly interest distribution to the Pool Participants. The actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool prior to apportionment.

GOVERNMENT OBLIGATIONS – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve federal sponsorship or guarantees.

GOVERNMENT SPONSORED ENTERPRISES (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government. These include:

Federal National Mortgage Association (FNMA)
Federal Home Loan Bank (FHLB)
Federal Farm Credit Bank (FFCB)
Federal Home Loan Mortgage Corporation (FHLMC)

LIQUID – A security that is easily converted to cash because there are many interested buyers and sellers to trade large quantities at a reasonable price.

ILLIQUID – A security that is difficult to buy or sell or has a wide spread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

INTEREST RATE RISK – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. It is also called “Market Risk”.

INVERSE FLOATERS – Floating rate notes which pay interest in inverse relationship to an underlying index.

LOCAL AGENCY OBLIGATION – An indebtedness issued by a local agency, department, board, or authority within the State of California.

LONG-TERM – The term used to describe a security when the maturity is greater than one year.

MARKET VALUE – The value of a security at which the principal could be sold from a willing seller to a willing buyer at the date of pricing.

MEDIUM TERM NOTES – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

MONEY MARKET MUTUAL FUND – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

NEGOTIABLE CERTIFICATE OF DEPOSIT – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time, that is traded in secondary markets.

PAR – The stated maturity value, or face value, of a security.

PASS-THROUGH SECURITIES – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond. Principal and interest are ‘passed through’ to investors at specified intervals.

POOL – The pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

PORTFOLIO VALUE – The total book value amount of all the securities held in the Treasurer’s Pooled Money Fund.

PRIMARY DEALER – A dealer or bank that can buy and sell securities directly with the Federal Reserve Bank of New York.

PRIVATE PLACEMENTS – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

RANGE NOTES – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

REPURCHASE AGREEMENT – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

REVERSE REPURCHASE AGREEMENT – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

SAFEKEEPING – A Custodian Bank's action to store and protect an investor's securities by segregating and identifying the securities.

SETTLEMENT DATE – The date on which cash and securities are exchanged and the transaction completed.

SHORT-TERM – The term used to describe a security when the maturity is one year or less.

SUPRANATIONAL SECURITIES – A supranational organization is formed by a group of countries through an international treaty with specific objectives such as promoting economic development. Supranational organizations also issue debt in the United States. The most commonly recognized supranational debt is issued by the International Bank for Reconstruction and Development (IBRD or World Bank).

TOTAL RETURN – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

VOLUNTARY PARTICIPANTS – Local agencies that are not required to deposit their funds with the County Treasurer.

WEIGHTED AVERAGE MATURITY – The remaining average maturity of all securities held in a portfolio. See Dollar Weighted Average Maturity.

WHEN-ISSUED SECURITIES – A security traded before it is actually *issued.* All Treasury bills, notes and bonds trade in the when-issued market before they are auctioned by the Treasury Department. Agencies and GSE's also use this method of trading. It serves to establish the initial offering price of the securities.

YIELD – The percentage return that an investor derives from a financial asset.

YIELD TO MATURITY – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

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BROKER/DIRECT ISSUER RECEIPT FOR INVESTMENT POLICY AND CERTIFICATE OF COMPLIANCE

TO:

Jordan Kaufman, Kern County Treasurer-Tax Collector
Mary Bedard, Kern County Auditor-Controller-County Clerk
1115 Truxtun Avenue
Bakersfield, CA 93301

By signing below, I____________________________ of ________________________
(Name) (Company)

hereby certify that:

1) I have reviewed the Investment Policy governing the Kern County Treasurer's Pooled Cash Portfolio, and that I understand its content. I am not expected to enforce provisions concerning Average Maturity, Category Limits or Issuer Limits. I am expected to offer only those investments that qualify under the County's credit requirement as directed in the Policy. The responsibility for overall portfolio structure and composition remains with the County.

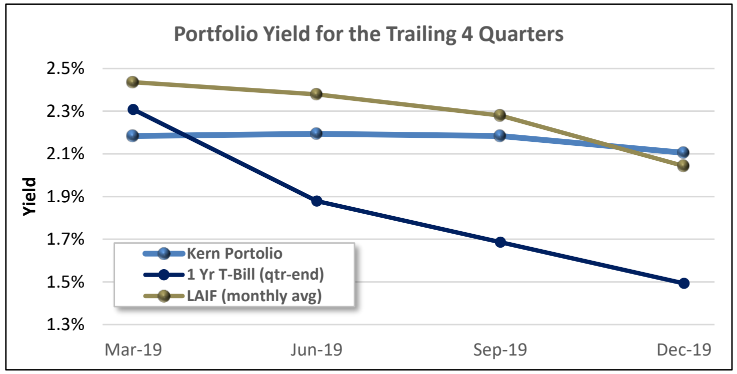
2) I further certify that I have not made, nor do I intend to make, political contributions to any candidate for any Kern County elective office.

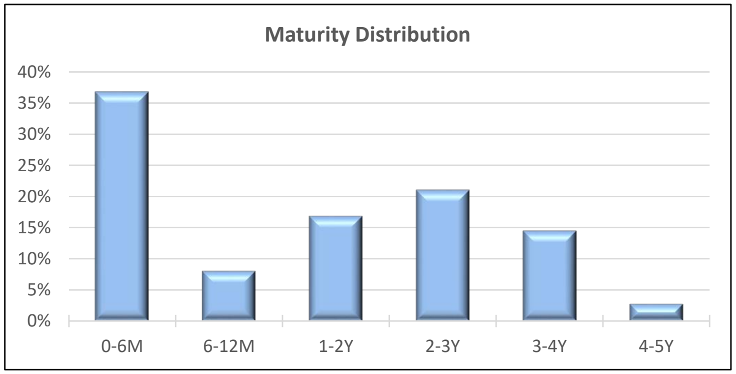
Signed:

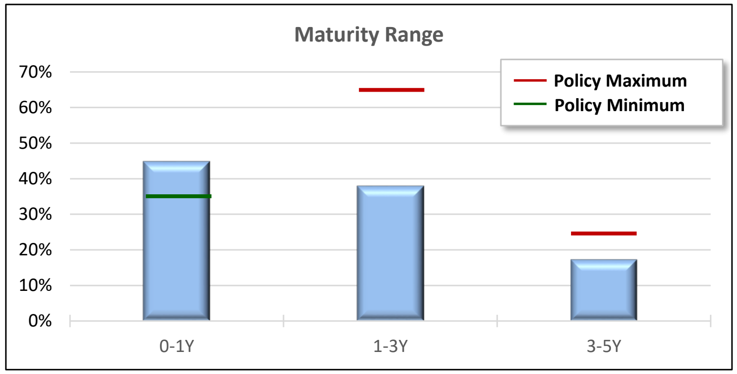
____ Date:________________________

Kern County Treasurer's Pooled Cash
Portfolio Summary
3/31/2020

Total Market Value	$ 3,451,277,165
Yield to Maturity at Cost	2.02%
Yield to Maturity at Market	1.04%
Effective Duration	1.30
Weighted Average Years to Maturity	1.53



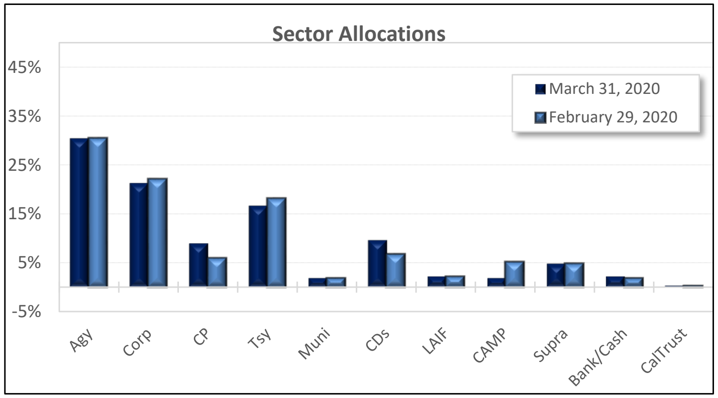


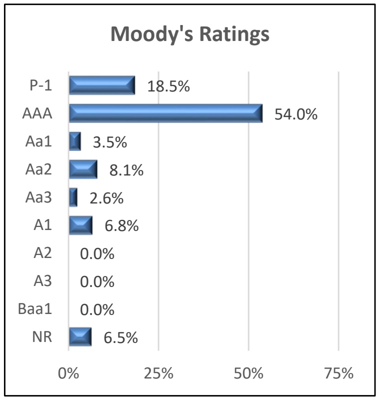


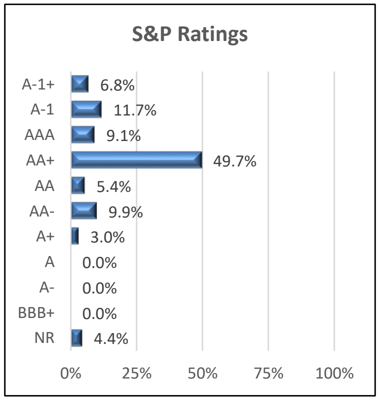
*The County Treasurer believes the Treasury Investment Pool contains sufficient cash flow from liquid and maturing securities, bank deposits, and incoming cash to meet the next six months of expected expenditures.

Kern County Treasurer's Pooled Cash
Portfolio Summary
3/31/2020

Sector	Par Amount	Original Cost	Market Value	Original Yield	% of Total Assets	Policy Limit Rating	Days to Maturity
Local Agency Investment Fund	73,658,034	73,658,034	73,658,034	1.78%	2.13%	$65 Million	1
California Asset Management Program	62,263,515	62,263,515	62,263,515	1.22%	1.80%	10%	1
CalTRUST	10,440,603	10,440,603	10,440,603	0.59%	0.30%	10%	1
Bank Sweep (ICS)	15,007,090	15,007,090	15,007,090	1.45%	0.43%	10%	1
U.S. Treasuries	566,000,000	563,117,188	580,485,703	1.93%	16.82%	100%	566
Federal Agencies	1,028,117,000	1,029,884,969	1,054,942,919	2.01%	30.57%	75%	703
Municipal Bonds	62,000,000	62,748,290	64,211,590	2.51%	1.86%	10%	920
Supranationals	161,175,000	162,684,688	167,119,236	1.96%	4.84%	10%	692
Negotiable CDs	325,000,000	325,000,000	325,221,000	1.66%	9.42%	30%	81
Commercial Paper	305,000,000	302,684,397	304,107,225	1.86%	8.81%	40%	78
Corporate Notes	719,061,000	720,548,264	734,241,385	2.45%	21.27%	30%	834
Total Securities	3,327,722,242	3,328,037,037	3,391,698,301	2.02%	98.27%		560
Total Cash	59,578,863	59,578,863	59,578,863		1.73%		
Total Assets	3,387,301,106	3,387,615,901	3,451,277,165		100.00%		







Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
March 31, 2020

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Pooled Funds												
928989367	8940	JPM Short Term Inv Fund			100,991.32	100,991.32	100,991.32	0.001	Aaa	AAA	0.001	
539995217	419	Local Agency Investment Fund			73,557,042.60	73,557,042.60	73,557,042.60	1.787			1.787	
		Subtotal and Average	**63,916,034.46**		**73,658,033.92**	**73,658,033.92**	**73,658,033.92**				**1.785**	
Negotiable CD's												
06367BBP3	15586	Bank of Montreal Chicago		12/04/2019	50,000,000.00	50,055,122.50	50,000,000.00	1.830	P-1	A-1	1.855	06/05/2020
06367BJP5	15632	Bank of Montreal Chicago		03/13/2020	25,000,000.00	24,973,999.00	25,000,000.00	1.230	P-1	A-1	1.247	08/17/2020
22535CKV2	15614	Credit Agricole NY		01/21/2020	25,000,000.00	25,046,802.00	25,000,000.00	1.730	P-1	A-1	1.754	07/24/2020
60710AH96	15594	Mizuho Bank NY		12/11/2019	50,000,000.00	50,039,291.50	50,000,000.00	1.850	P-1	A-1	1.876	05/05/2020
65558TVK8	15635	Nordea Bank Fin NY		03/19/2020	25,000,000.00	25,000,813.50	25,000,000.00	0.830	P-1	A-1	0.842	04/21/2020
21684XEV4	15631	RABOBANK NED NY		03/11/2020	25,000,000.00	24,970,237.75	25,000,000.00	0.820	P-1	A-1	0.831	07/13/2020
89114M3Q8	15547	Toronto Dominion Bank NY		07/30/2019	25,000,000.00	25,045,412.50	25,000,000.00	2.100	P-1	A-1	2.129	07/07/2020
89114N6R1	15575	Toronto Dominion Bank NY		10/28/2019	25,000,000.00	25,029,058.25	25,000,000.00	1.860	P-1	A-1	1.886	07/07/2020
89114NE27	15599	Toronto Dominion Bank NY		12/17/2019	25,000,000.00	25,029,421.00	25,000,000.00	1.890	P-1	A-1	1.916	07/01/2020
89114NG90	15622	Toronto Dominion Bank NY		01/28/2020	25,000,000.00	25,017,789.75	25,000,000.00	1.630	P-1	A-1	1.653	08/03/2020
90275DKN9	15640	UBS AG Stamford CT		03/25/2020	25,000,000.00	25,013,052.25	25,000,000.00	1.780	P-1	A-1	1.805	06/05/2020
		Subtotal and Average	**273,387,096.77**		**325,000,000.00**	**325,221,000.00**	**325,000,000.00**				**1.656**	
Commercial Paper - Discount												
06366GD97	15638	Bank of Montreal Chicago		03/24/2020	25,000,000.00	24,998,200.00	24,990,611.11	0.845	P-1	A-1	0.869	04/09/2020
09659JGQ0	15577	BNP Paribas Fortis New York		10/29/2019	25,000,000.00	24,904,007.00	24,656,277.78	1.840	P-1	A-1	1.912	07/24/2020
22533TH33	15607	Credit Agricole		01/06/2020	25,000,000.00	24,903,645.75	24,744,791.67	1.750	P-1	A-1	1.815	08/03/2020
22533TE51	15585	Credit Agricole NY		12/04/2019	25,000,000.00	24,974,649.25	24,807,687.50	1.810	P-1	A-1	1.875	05/05/2020
2254EAHH9	15615	Credit Suisse New York		01/22/2020	25,000,000.00	24,873,548.50	24,750,111.11	1.730	P-1	A-1	1.794	08/17/2020
62479LH57	15582	MUFG BANK LTD/NY		11/20/2019	25,000,000.00	24,875,645.75	24,667,256.94	1.850	P-1	A-1	1.922	08/05/2020
62479LJ48	15602	MUFG BANK LTD/NY		12/19/2019	25,000,000.00	24,846,270.75	24,664,166.67	1.860	P-1	A-1	1.933	09/04/2020
89233GFK7	15644	Toyota Motors Credit Corp		03/27/2020	30,000,000.00	29,898,866.70	29,855,800.00	2.060	P-1	A-1	2.128	06/19/2020
62479LG74	15570	MUFG UNION BK NA		10/23/2019	25,000,000.00	24,899,073.50	24,664,958.33	1.870	P-1	A-1	1.943	07/07/2020
30229AD71	15636	Exxon-Mobil		03/19/2020	25,000,000.00	24,997,180.50	24,974,402.78	1.940	P-1	A-1	1.996	04/07/2020
30229ADT3	15637	Exxon-Mobil		03/23/2020	25,000,000.00	24,968,068.75	24,951,388.89	2.000	P-1	A-1	2.060	04/27/2020
30229ADT3	15646	Exxon-Mobil		03/27/2020	25,000,000.00	24,968,068.75	24,956,944.44	2.000	P-1	A-1	2.059	04/27/2020
		Subtotal and Average	**226,120,025.99**		**305,000,000.00**	**304,107,225.20**	**302,684,397.22**				**1.863**	

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
March 31, 2020

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Federal Agency Issues - Coupon												
3133EFXV4	14630	Federal Farm Credit Bank		02/04/2016	10,000,000.00	10,048,900.00	10,037,800.00	1.450	Aaa	AA	1.363	08/04/2020
3133EHWM1	15241	Federal Farm Credit Bank		09/01/2017	10,000,000.00	10,185,900.00	10,005,800.00	1.700	Aaa	AA	1.685	09/01/2021
3133EHVS9	15255	Federal Farm Credit Bank		09/29/2017	8,065,000.00	8,302,917.50	8,019,594.05	1.840	Aaa	AA	1.961	08/23/2022
3133EHTS2	15259	Federal Farm Credit Bank		09/29/2017	10,000,000.00	10,302,800.00	9,980,100.00	1.900	Aaa	AA	1.943	08/03/2022
3133EHF57	15263	Federal Farm Credit Bank		10/13/2017	10,000,000.00	10,076,800.00	10,000,000.00	1.680	Aaa	AA	1.680	10/13/2020
3133EHW58	15278	Federal Farm Credit Bank		11/28/2017	10,000,000.00	10,108,300.00	9,997,970.00	1.900	Aaa	AA	1.907	11/27/2020
3133EHU84	15316	Federal Farm Credit Bank		01/03/2018	23,925,000.00	24,532,216.50	23,742,930.75	1.980	Aaa	AA	2.185	11/22/2021
3133EJAW9	15336	Federal Farm Credit Bank		01/29/2018	10,000,000.00	10,163,200.00	10,000,000.00	2.250	Aaa	AA	2.250	01/29/2021
3133EJK24	15429	Federal Farm Credit Bank		10/19/2018	10,000,000.00	10,400,100.00	9,994,700.00	3.000	Aaa	AA	3.019	10/19/2021
3133EJK24	15430	Federal Farm Credit Bank		10/19/2018	10,000,000.00	10,400,100.00	9,994,700.00	3.000	Aaa	AA	3.019	10/19/2021
3133EJZU6	15434	Federal Farm Credit Bank		10/31/2018	15,000,000.00	15,540,000.00	14,954,850.00	2.850	Aaa	AA	2.959	09/20/2021
3133EJV63	15439	Federal Farm Credit Bank		11/28/2018	11,311,000.00	12,242,573.96	11,324,573.20	3.050	Aaa	AA	3.023	08/23/2023
3133EJWV7	15454	Federal Farm Credit Bank		12/12/2018	10,589,000.00	11,402,658.76	10,622,355.35	2.900	Aaa	AA	2.827	08/14/2023
3133EJP60	15463	Federal Farm Credit Bank		12/20/2018	15,000,000.00	16,114,800.00	15,140,100.00	3.000	Aaa	AA	2.771	05/02/2023
3133EJQX0	15466	Federal Farm Credit Bank		01/04/2019	15,000,000.00	16,092,150.00	15,249,900.00	2.900	Aaa	AA	2.498	05/30/2023
3133EJ4Q9	15477	Federal Farm Credit Bank		01/11/2019	10,000,000.00	10,163,100.00	9,996,700.00	2.550	Aaa	AA	2.567	01/11/2021
3133EJQX0	15478	Federal Farm Credit Bank		01/15/2019	10,000,000.00	10,728,100.00	10,106,600.00	2.900	Aaa	AA	2.640	05/30/2023
3133EJ5G0	15479	Federal Farm Credit Bank		01/16/2019	20,000,000.00	21,573,400.00	20,006,600.00	2.700	Aaa	AA	2.693	01/16/2024
3133EJ7C7	15485	Federal Farm Credit Bank		02/06/2019	10,000,000.00	10,796,300.00	9,994,500.00	2.700	Aaa	AA	2.712	02/06/2024
3133EKRD0	15532	Federal Farm Credit Bank		06/25/2019	10,000,000.00	10,283,200.00	10,016,460.00	1.875	Aaa	AA	1.818	06/14/2022
3133EKSN7	15535	Federal Farm Credit Bank		06/28/2019	5,500,000.00	5,709,330.00	5,481,960.00	1.770	Aaa	AA	1.856	06/26/2023
3133EKUA2	15537	Federal Farm Credit Bank		07/01/2019	10,000,000.00	10,298,400.00	10,007,200.00	1.850	Aaa	AA	1.829	02/01/2023
3133EKTV8	15538	Federal Farm Credit Bank		07/01/2019	12,650,000.00	13,326,901.50	12,650,253.00	1.900	Aaa	AA	1.900	07/01/2024
3133ELDK7	15598	Federal Farm Credit Bank		12/16/2019	25,000,000.00	25,572,750.00	24,998,675.50	1.630	Aaa	AA	1.632	06/15/2022
3133ELJH8	15633	Federal Farm Credit Bank		03/16/2020	10,000,000.00	10,292,100.00	10,240,163.80	1.600	Aaa	AA	0.747	01/23/2023
3133ELTN4	15634	Federal Farm Credit Bank		03/18/2020	15,000,000.00	15,009,600.00	14,985,300.00	0.530	Aaa	AA	0.585	01/08/2022
313383HU8	14934	Federal Home Loan Bank		09/30/2016	8,965,000.00	8,989,743.40	9,191,814.50	1.750	Aaa	AA	1.051	06/12/2020
3130A9TJ0	14960	Federal Home Loan Bank		11/15/2016	10,000,000.00	10,010,300.00	10,000,000.00	1.200	Aaa	AA	1.200	05/15/2020
3130AB3E4	15114	Federal Home Loan Bank		04/05/2017	15,000,000.00	15,109,050.00	15,053,850.00	1.750	Aaa	AA	1.644	10/05/2020
3130AB3E4	15129	Federal Home Loan Bank		04/13/2017	10,000,000.00	10,072,700.00	10,046,500.00	1.750	Aaa	AA	1.612	10/05/2020
3130AB6A9	15141	Federal Home Loan Bank		04/20/2017	20,000,000.00	20,084,000.00	20,092,000.00	1.650	Aaa	AA	1.505	07/20/2020
313379RB7	15193	Federal Home Loan Bank		06/22/2017	10,000,000.00	10,181,300.00	10,059,200.00	1.875	Aaa	AA	1.720	06/11/2021
313383HU8	15203	Federal Home Loan Bank		06/29/2017	15,000,000.00	15,041,400.00	15,075,450.00	1.750	Aaa	AA	1.575	06/12/2020
3130A8QS5	15243	Federal Home Loan Bank		09/14/2017	10,000,000.00	10,101,200.00	9,817,000.00	1.125	Aaa	AA	1.619	07/14/2021
3130A1W95	15293	Federal Home Loan Bank		12/07/2017	10,000,000.00	10,220,300.00	10,068,400.00	2.250	Aaa	AA	2.901	06/11/2021
313383MB4	15298	Federal Home Loan Bank		12/08/2017	5,000,000.00	5,014,200.00	4,992,300.00	1.875	Aaa	AA	1.938	06/12/2020

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
March 31, 2020

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Federal Agency Issues - Coupon												
3130A0XD7	15346	Federal Home Loan Bank		03/20/2018	10,000,000.00	10,193,000.00	9,957,800.00	2.375	Aaa	AA	2.523	03/12/2021
3130ADRG9	15376	Federal Home Loan Bank		04/12/2018	15,000,000.00	15,999,900.00	15,030,300.00	2.750	Aaa	AA	2.705	03/10/2023
3130AEBM1	15396	Federal Home Loan Bank		06/27/2018	20,000,000.00	21,028,000.00	19,969,600.00	2.750	Aaa	AA	2.790	06/10/2022
3130AEVF4	15413	Federal Home Loan Bank		08/30/2018	7,000,000.00	7,068,320.00	7,000,000.00	3.050	Aaa	AA	3.050	08/28/2023
3130AFBS5	15435	Federal Home Loan Bank		11/16/2018	15,000,000.00	15,244,200.00	15,000,000.00	3.250	Aaa	AA	3.250	11/16/2022
313383QR5	15469	Federal Home Loan Bank		01/08/2019	20,000,000.00	21,732,600.00	20,502,000.00	3.250	Aaa	AA	2.644	06/09/2023
3130AFWX1	15496	Federal Home Loan Bank		03/28/2019	10,000,000.00	10,643,900.00	10,132,300.00	2.550	Aaa	AA	2.248	05/30/2023
313370E38	15497	Federal Home Loan Bank		03/28/2019	13,875,000.00	14,047,743.75	14,047,743.75	3.375	Aaa	AA	2.320	06/12/2020
3130AGHA6	15526	Federal Home Loan Bank		06/03/2019	10,000,000.00	10,210,100.00	10,000,000.00	2.430	Aaa	AA	2.430	06/03/2024
313379Q69	15553	Federal Home Loan Bank		09/06/2019	10,000,000.00	10,384,300.00	10,159,600.00	2.125	Aaa	AA	1.532	06/10/2022
3130AJ7E3	15630	Federal Home Loan Bank		02/21/2020	15,000,000.00	15,402,900.00	14,972,400.00	1.375	Aaa	AA	1.438	02/17/2023
3134G9PR2	14792	Federal Home Loan Mort Corp		05/26/2016	15,000,000.00	15,024,150.00	15,000,000.00	1.450	Aaa	AA	1.450	05/26/2020
3134G43Q9	14947	Federal Home Loan Mort Corp		10/21/2016	6,737,000.00	6,743,939.11	6,830,374.82	1.550	Aaa	AA	1.150	05/08/2020
3137EADR7	15018	Federal Home Loan Mort Corp		12/13/2016	10,000,000.00	10,009,100.00	9,938,800.00	1.375	Aaa	AA	1.561	05/01/2020
3134GBEK4	15099	Federal Home Loan Mort Corp		03/29/2017	20,000,000.00	20,235,000.00	20,000,000.00	1.850	Aaa	AA	1.850	03/29/2021
3137EADR7	15117	Federal Home Loan Mort Corp		04/05/2017	15,000,000.00	15,013,650.00	14,925,450.00	1.375	Aaa	AA	1.541	05/01/2020
3134GBHQ8	15153	Federal Home Loan Mort Corp		04/27/2017	10,000,000.00	10,040,600.00	10,000,000.00	1.700	Aaa	AA	1.434	07/27/2020
3134GBJM5	15158	Federal Home Loan Mort Corp		05/03/2017	20,000,000.00	20,619,600.00	20,000,000.00	1.910	Aaa	AA	1.910	05/03/2022
3134G9S24	15198	Federal Home Loan Mort Corp		06/27/2017	25,000,000.00	25,435,000.00	25,042,000.00	1.750	Aaa	AA	1.707	07/26/2021
3134GSSP1	15407	Federal Home Loan Mort Corp		07/30/2018	10,000,000.00	10,081,600.00	10,000,000.00	3.000	Aaa	AA	3.000	01/30/2023
3134GSVD4	15412	Federal Home Loan Mort Corp		08/29/2018	5,000,000.00	5,049,700.00	4,996,250.00	3.000	Aaa	AA	3.018	02/28/2023
3134GTGS6	15521	Federal Home Loan Mort Corp		04/16/2019	20,000,000.00	20,167,800.00	20,000,000.00	2.550	Aaa	AA	2.550	10/16/2023
3134GULU2	15573	Federal Home Loan Mort Corp		10/28/2019	10,000,000.00	10,040,500.00	10,000,000.00	1.750	Aaa	AA	1.930	07/28/2022
3134GULJ7	15580	Federal Home Loan Mort Corp		10/30/2019	15,000,000.00	15,060,150.00	15,000,000.00	2.000	Aaa	AA	2.117	07/30/2024
3134GUF70	15606	Federal Home Loan Mort Corp		01/06/2020	20,000,000.00	20,204,600.00	20,000,000.00	1.950	Aaa	AA	1.950	01/06/2025
3134GU3H1	15620	Federal Home Loan Mort Corp		01/27/2020	10,000,000.00	10,104,900.00	10,000,000.00	1.670	Aaa	AA	1.670	01/27/2023
3134GU6G0	15625	Federal Home Loan Mort Corp		02/05/2020	15,000,000.00	15,223,500.00	15,000,000.00	1.700	Aaa	AA	1.700	08/05/2024
3135G0D75	14924	Federal National Mortgage Assn		09/27/2016	10,000,000.00	10,028,100.00	10,165,800.00	1.500	Aaa	AA	1.046	06/22/2020
3135G0D75	14946	Federal National Mortgage Assn		10/21/2016	5,000,000.00	5,014,050.00	5,067,900.00	1.500	Aaa	AA	1.121	06/22/2020
3135G0D75	14954	Federal National Mortgage Assn		10/27/2016	10,000,000.00	10,028,100.00	10,125,500.00	1.500	Aaa	AA	1.148	06/22/2020
3135G0D75	14974	Federal National Mortgage Assn		11/10/2016	10,000,000.00	10,028,100.00	10,093,400.00	1.500	Aaa	AA	1.235	06/22/2020
3136G4GN7	14977	Federal National Mortgage Assn		11/22/2016	9,500,000.00	9,513,870.00	9,500,000.00	1.250	Aaa	AA	1.250	05/22/2020
3136G4GS6	14978	Federal National Mortgage Assn		11/30/2016	10,000,000.00	10,042,500.00	10,000,000.00	1.430	Aaa	AA	1.430	11/30/2020
3135G0D75	15008	Federal National Mortgage Assn		12/08/2016	10,000,000.00	10,028,100.00	9,979,400.00	1.500	Aaa	AA	1.560	06/22/2020
3135G0N82	15011	Federal National Mortgage Assn		12/09/2016	10,000,000.00	10,114,700.00	9,727,200.00	1.250	Aaa	AA	1.862	08/17/2021
3135G0S38	15191	Federal National Mortgage Assn		06/22/2017	15,000,000.00	15,421,803.00	15,117,000.00	2.000	Aaa	AA	1.820	01/05/2022

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Federal Agency Issues - Coupon												
3135G0T60	15277	Federal National Mortgage Assn		11/21/2017	10,000,000.00	10,043,400.00	9,903,500.00	1.500	Aaa	AA	1.869	07/30/2020
3135G0T78	15304	Federal National Mortgage Assn		12/12/2017	10,000,000.00	10,361,200.00	9,901,300.00	2.000	Aaa	AA	2.217	10/05/2022
3135G0U27	15377	Federal National Mortgage Assn		04/13/2018	20,000,000.00	20,445,600.00	19,970,200.00	2.500	Aaa	AA	2.552	04/13/2021
3135G0U43	15440	Federal National Mortgage Assn		11/28/2018	10,000,000.00	10,780,000.00	9,942,300.00	2.875	Aaa	AA	3.005	09/12/2023
3135G0S38	15509	Federal National Mortgage Assn		04/08/2019	10,000,000.00	10,281,202.00	9,913,500.00	2.000	Aaa	AA	2.327	01/05/2022
3135G0V59	15517	Federal National Mortgage Assn		04/12/2019	10,000,000.00	10,367,800.00	9,967,200.00	2.250	Aaa	AA	2.364	04/12/2022
3135G0V59	15518	Federal National Mortgage Assn		04/12/2019	10,000,000.00	10,367,800.00	9,967,200.00	2.250	Aaa	AA	2.364	04/12/2022
3135G0W33	15554	Federal National Mortgage Assn		09/06/2019	5,000,000.00	5,120,500.00	4,982,600.00	1.375	Aaa	AA	1.494	09/06/2022
3135G0W33	15555	Federal National Mortgage Assn		09/06/2019	5,000,000.00	5,120,500.00	4,982,600.00	1.375	Aaa	AA	1.494	09/06/2022
880591EN8	15457	Tennessee Valley Authority		12/13/2018	15,000,000.00	15,445,350.00	14,471,550.00	1.875	Aaa	AA	2.893	08/15/2022
880591EN8	15624	Tennessee Valley Authority		02/03/2020	10,000,000.00	10,296,900.00	10,117,300.00	1.875	Aaa	AA	1.402	08/15/2022
880591EN8	15639	Tennessee Valley Authority		03/25/2020	20,000,000.00	20,593,800.00	20,538,600.00	1.875	Aaa	AA	0.736	08/15/2022
		Subtotal and Average	**1,015,046,228.17**		**1,028,117,000.00**	**1,054,942,919.48**	**1,029,884,968.72**				**2.011**	
Medium Term Notes 30/360												
037833AR1	14956	Apple		10/31/2016	10,000,000.00	10,098,400.00	10,489,200.00	2.850	Aa	AA	1.719	05/06/2021
037833AR1	15028	Apple		12/16/2016	10,000,000.00	10,098,400.00	10,253,500.00	2.850	Aa	AA	2.240	05/06/2021
037833BD1	15197	Apple		06/27/2017	10,000,000.00	10,001,900.00	10,070,200.00	2.000	Aa	AA	1.747	05/06/2020
037833BS8	15288	Apple		12/05/2017	10,000,000.00	10,100,800.00	10,021,000.00	2.250	Aa	AA	2.182	02/23/2021
037833DE7	15356	Apple		04/03/2018	10,000,000.00	10,274,500.00	9,724,200.00	2.400	Aa	AA	3.023	01/13/2023
037833DE7	15399	Apple		06/28/2018	14,000,000.00	14,384,300.00	13,519,520.00	2.400	Aa	AA	3.218	01/13/2023
037833CQ1	15498	Apple		03/29/2019	15,000,000.00	15,357,385.50	14,956,350.00	2.300	Aa	AA	2.397	05/11/2022
037833AR1	15551	Apple		08/28/2019	10,000,000.00	10,098,400.00	10,176,700.00	2.850	Aa	AA	1.782	05/06/2021
084670BJ6	15402	Berkshire Hathaway		06/29/2018	13,094,000.00	13,662,279.60	13,006,663.02	3.000	Aa	AA	3.156	02/11/2023
084670BJ6	15446	Berkshire Hathaway		12/04/2018	8,460,000.00	8,827,164.00	8,324,809.20	3.000	Aa	AA	3.412	02/11/2023
084670BR8	15579	Berkshire Hathaway		10/30/2019	11,339,000.00	11,732,463.30	11,650,142.16	2.750	Aa	AA	1.906	03/15/2023
19416QEL0	15539	Colgate-Palmolive		07/08/2019	8,340,000.00	8,514,326.85	8,439,996.60	2.250	Aa	AA	1.879	11/15/2022
166764AY6	15111	Chevron Corp		04/03/2017	10,277,000.00	10,238,769.56	10,381,517.09	2.419	Aa	AA	2.125	11/17/2020
166764BK5	15484	Chevron Corp		02/01/2019	10,000,000.00	10,268,100.00	9,839,500.00	2.566	Aa	AA	2.966	05/16/2023
166764BK5	15501	Chevron Corp		04/01/2019	10,000,000.00	10,268,100.00	10,042,400.00	2.566	Aa	AA	2.457	05/16/2023
166764AH3	15524	Chevron Corp		05/23/2019	10,000,000.00	10,453,500.00	10,216,000.00	3.191	Aa	AA	2.630	06/24/2023
166764AH3	15528	Chevron Corp		06/21/2019	5,000,000.00	5,226,750.00	5,179,000.00	3.191	Aa	AA	2.252	06/24/2023
166764BK5	15552	Chevron Corp		08/29/2019	5,000,000.00	5,134,050.00	5,145,500.00	2.566	Aa	AA	1.753	05/16/2023
166764BK5	15567	Chevron Corp		10/10/2019	2,000,000.00	2,053,620.00	2,061,000.00	2.566	Aa	AA	1.689	05/16/2023
166764BK5	15568	Chevron Corp		10/10/2019	8,145,000.00	8,363,367.45	8,393,422.50	2.566	Aa	AA	1.689	05/16/2023

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Medium Term Notes 30/360												
166764BK5	15596	Chevron Corp		12/11/2019	15,000,000.00	15,402,150.00	15,321,450.00	2.566	Aa	AA	1.917	05/16/2023
4042Q0WY1	15519	HSBC Bank USA		04/16/2019	10,000,000.00	9,689,917.00	10,000,000.00	2.800	Aa	AA	2.801	07/17/2023
4042Q0WX3	15520	HSBC Bank USA		04/16/2019	10,000,000.00	9,771,672.00	10,000,000.00	2.625	Aa	AA	2.625	07/18/2022
478160CD4	15352	Johnson & Johnson		03/28/2018	18,135,000.00	18,788,585.40	17,732,765.70	2.250	Aaa	AAA	2.850	03/03/2022
191216BT6	14494	Coca Cola		11/03/2015	10,000,000.00	10,005,100.00	9,955,100.00	1.875	A	A	1.970	10/27/2020
191216BY5	15144	Coca Cola		04/24/2017	16,063,000.00	16,078,581.11	15,823,821.93	1.550	A	A	1.908	09/01/2021
191216CF5	15200	Coca Cola		06/29/2017	10,000,000.00	10,084,829.00	10,051,900.00	2.200	A	A	2.088	05/25/2022
191216BY5	15379	Coca Cola		04/17/2018	7,607,000.00	7,614,378.79	7,299,905.41	1.550	A	A	2.813	09/01/2021
594918BP8	15426	Microsoft Corp		10/18/2018	14,610,000.00	14,711,685.60	14,013,327.60	1.550	Aaa	AAA	3.080	08/08/2021
594918BP8	15427	Microsoft Corp		10/18/2018	1,718,000.00	1,729,957.28	1,647,390.20	1.550	Aaa	AAA	3.090	08/08/2021
594918BP8	15428	Microsoft Corp		10/18/2018	5,000,000.00	5,034,800.00	4,795,800.00	1.550	Aaa	AAA	3.080	08/08/2021
594918BP8	15451	Microsoft Corp		12/10/2018	7,778,000.00	7,832,134.88	7,494,647.46	1.550	Aaa	AAA	2.984	08/08/2021
594918BQ6	15483	Microsoft Corp		01/29/2019	11,683,000.00	12,080,922.98	11,296,526.36	2.000	Aaa	AAA	2.783	08/08/2023
594918BQ6	15527	Microsoft Corp		06/21/2019	5,000,000.00	5,170,300.00	4,970,700.00	2.000	Aaa	AAA	2.149	08/08/2023
594918BX1	15621	Microsoft Corp		01/27/2020	10,000,000.00	10,637,690.00	10,436,200.00	2.875	Aaa	AAA	1.748	02/06/2024
66989HAM0	15187	Novartis		06/21/2017	10,000,000.00	10,244,918.00	10,125,400.00	2.400	Aa	AA	2.129	05/17/2022
66989HAM0	15201	Novartis		06/30/2017	16,980,000.00	17,395,870.76	17,112,444.00	2.400	Aa	AA	2.230	05/17/2022
66989HAM0	15590	Novartis		12/10/2019	10,000,000.00	10,244,918.00	10,139,200.00	2.400	Aa	AA	1.813	05/17/2022
742718EN5	15385	Proctor & Gamble		04/23/2018	10,000,000.00	10,088,300.00	9,743,971.94	1.850	Aa	AA	2.815	02/02/2021
742718EQ8	15401	Proctor & Gamble		06/29/2018	9,127,000.00	9,212,337.45	8,785,193.85	1.700	Aa	AA	2.882	11/03/2021
742718DY2	15406	Proctor & Gamble		07/18/2018	20,000,000.00	20,457,400.00	19,528,000.00	2.300	Aa	AA	3.006	02/06/2022
742718EU9	15408	Proctor & Gamble		08/16/2018	4,997,000.00	5,046,611.22	4,842,192.94	2.150	Aa	AA	2.980	08/11/2022
742718EU9	15410	Proctor & Gamble		08/23/2018	5,686,000.00	5,742,451.75	5,515,021.98	2.150	Aa	AA	2.959	08/11/2022
89233P4S2	15301	Toyota Motors Credit Corp		12/11/2017	10,196,000.00	10,327,120.56	10,789,101.32	4.250	A	AA	2.285	01/11/2021
89236TCZ6	15341	Toyota Motors Credit Corp		03/06/2018	9,289,000.00	9,246,084.82	9,035,503.19	1.900	A	AA	2.829	04/08/2021
89236TDP7	15411	Toyota Motors Credit Corp		08/29/2018	10,000,000.00	9,999,710.00	9,834,800.00	2.600	A	AA	3.120	01/11/2022
89233P5T9	15414	Toyota Motors Credit Corp		09/07/2018	5,729,000.00	5,792,534.61	5,757,759.58	3.300	A	AA	3.140	01/12/2022
89236TDP7	15542	Toyota Motors Credit Corp		07/10/2019	5,424,000.00	5,423,842.70	5,472,599.04	2.600	A	AA	2.230	01/11/2022
89236TFQ3	15557	Toyota Motors Credit Corp		09/25/2019	4,055,000.00	4,071,382.20	4,119,474.50	3.050	A	AA	1.793	01/08/2021
89236TFQ3	15558	Toyota Motors Credit Corp		09/25/2019	2,785,000.00	2,796,251.40	2,828,167.50	3.050	A	AA	1.824	01/08/2021
89236TDP7	15563	Toyota Motors Credit Corp		09/30/2019	10,000,000.00	9,999,710.00	10,152,800.00	2.600	A	AA	1.911	01/11/2022
89236TGM1	15569	Toyota Motors Credit Corp		10/15/2019	10,000,000.00	10,324,500.00	10,000,000.00	1.875	A	AA	1.963	07/31/2024
89233P7F7	15610	Toyota Motors Credit Corp		01/09/2020	10,000,000.00	10,007,700.00	10,233,000.00	2.625	A	AA	1.824	01/10/2023
90331HNL3	15333	US Bank		01/25/2018	7,500,000.00	7,677,900.00	7,499,625.00	2.850	A	AA	2.851	01/23/2023
90331HNL3	15334	US Bank		01/25/2018	10,000,000.00	10,237,200.00	9,998,100.00	2.850	A	AA	2.854	01/23/2023
90331HNV1	15481	US Bank		01/22/2019	10,000,000.00	10,492,700.00	10,034,700.00	3.400	A	AA	3.316	07/24/2023

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Medium Term Notes 30/360												
90331HNV1	15482	US Bank		01/22/2019	10,000,000.00	10,492,700.00	10,034,700.00	3.400	A	AA	3.316	07/24/2023
90331HPC1	15529	US Bank		06/21/2019	2,850,000.00	2,903,494.50	2,876,790.00	2.650	A	AA	2.315	05/23/2022
90331HPC1	15530	US Bank		06/21/2019	7,150,000.00	7,284,205.50	7,217,210.00	2.650	A	AA	2.315	05/23/2022
90331HPC1	15589	US Bank		12/10/2019	10,000,000.00	10,187,700.00	10,194,200.00	2.650	A	AA	1.836	05/23/2022
90331HPF4	15591	US Bank		12/10/2019	3,000,000.00	3,005,670.00	3,001,860.00	1.950	A	AA	1.929	01/09/2023
90331HPF4	15595	US Bank		12/12/2019	10,250,000.00	10,269,372.50	10,245,900.00	1.950	A	AA	1.964	01/09/2023
92826CAG7	15541	VISA INC		07/08/2019	10,000,000.00	10,168,400.00	10,043,000.00	2.150	Aa	AA	2.010	09/15/2022
94988J5R4	15443	Wells Fargo Bank		11/30/2018	15,000,000.00	15,704,550.00	14,788,050.00	3.550	Aa	A	3.880	08/14/2023
94988J5R4	15488	Wells Fargo Bank		03/18/2019	10,000,000.00	10,469,700.00	10,181,900.00	3.550	Aa	A	3.105	08/14/2023
94988J5R4	15502	Wells Fargo Bank		04/01/2019	10,000,000.00	10,469,700.00	10,292,700.00	3.550	Aa	A	2.832	08/14/2023
94988J5R4	15503	Wells Fargo Bank		04/01/2019	5,000,000.00	5,234,850.00	5,145,750.00	3.550	Aa	A	2.835	08/14/2023
94988J5N3	15611	Wells Fargo Bank		01/14/2020	19,294,000.00	19,378,893.60	19,450,281.40	2.600	Aaa	AA	1.781	01/15/2021
931142EK5	15486	Wal-Mart Stores		03/05/2019	11,500,000.00	12,196,325.00	11,722,812.50	3.400	Aa	AA	2.917	06/26/2023
931142EK5	15487	Wal-Mart Stores		03/05/2019	10,000,000.00	10,605,500.00	10,197,700.00	3.400	Aa	AA	2.908	06/26/2023
931142EL3	15581	Wal-Mart Stores		10/30/2019	10,000,000.00	10,512,900.00	10,404,900.00	2.850	Aa	AA	1.942	07/08/2024
931142EK5	15600	Wal-Mart Stores		12/18/2019	10,000,000.00	10,605,500.00	10,511,000.00	3.400	Aa	AA	1.893	06/26/2023
30231GAV4	15342	Exxon-Mobil		03/07/2018	10,000,000.00	10,065,000.00	9,851,600.00	2.222	Aa	AA	2.748	03/01/2021
30231GBB7	15550	Exxon-Mobil		08/23/2019	10,000,000.00	10,034,100.00	10,054,100.00	1.902	Aa	AA	1.715	08/16/2022
30231GBB7	15574	Exxon-Mobil		10/28/2019	10,000,000.00	10,034,100.00	10,056,600.00	1.902	Aa	AA	1.694	08/16/2022
		Subtotal and Average	**725,131,208.80**		**719,061,000.00**	**734,241,384.87**	**720,548,263.97**				**2.451**	
FDIC Insured Cash Sweep												
ICS	15628	ICS		02/14/2020	15,007,090.28	15,007,090.28	15,007,090.28	1.450			1.450	
		Subtotal and Average	**15,006,632.84**		**15,007,090.28**	**15,007,090.28**	**15,007,090.28**				**1.450**	
CAMP												
CAMP	14800	CAMP			62,263,515.00	62,263,515.00	62,263,515.00	1.220		AAA	1.220	
		Subtotal and Average	**98,222,548.72**		**62,263,515.00**	**62,263,515.00**	**62,263,515.00**				**1.220**	
CALTRUST												
CALTRUST	15476	CalTRUST			10,440,603.16	10,440,603.16	10,440,603.16	0.590		AAA	0.590	
		Subtotal and Average	**10,439,733.99**		**10,440,603.16**	**10,440,603.16**	**10,440,603.16**				**0.590**	

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Treasury Securities - Coupon												
912828XH8	15090	U S Treasury Note		03/13/2017	10,000,000.00	10,037,900.00	9,957,812.50	1.625	Aaa	AA	1.757	06/30/2020
912828T67	15204	U S Treasury Note		06/29/2017	20,000,000.00	20,334,400.00	19,587,500.00	1.250	Aaa	AA	1.746	10/31/2021
912828P87	15233	U S Treasury Note		08/25/2017	10,000,000.00	10,093,800.00	9,847,656.25	1.125	Aaa	AA	1.572	02/28/2021
912828T67	15257	U S Treasury Note		09/29/2017	10,000,000.00	10,167,200.00	9,790,625.00	1.250	Aaa	AA	1.783	10/31/2021
912828R77	15261	U S Treasury Note		10/05/2017	10,000,000.00	10,149,200.00	9,866,406.25	1.375	Aaa	AA	1.754	05/31/2021
912828S76	15262	U S Treasury Note		10/05/2017	10,000,000.00	10,127,300.00	9,761,328.13	1.125	Aaa	AA	1.774	07/31/2021
912828XH8	15274	U S Treasury Note		11/07/2017	10,000,000.00	10,037,900.00	9,981,640.63	1.625	Aaa	AA	1.696	06/30/2020
912828N89	15284	U S Treasury Note		11/30/2017	10,000,000.00	10,109,400.00	9,833,593.75	1.375	Aaa	AA	1.919	01/31/2021
912828P87	15285	U S Treasury Note		11/30/2017	20,000,000.00	20,187,600.00	19,495,312.50	1.125	Aaa	AA	1.930	02/28/2021
912828L32	15287	U S Treasury Note		12/04/2017	20,000,000.00	20,106,200.00	19,752,343.75	1.375	Aaa	AA	1.841	08/31/2020
912828L32	15307	U S Treasury Note		12/14/2017	20,000,000.00	20,106,200.00	19,739,062.50	1.375	Aaa	AA	1.871	08/31/2020
912828L32	15308	U S Treasury Note		12/19/2017	15,000,000.00	15,079,650.00	14,793,750.00	1.375	Aaa	AA	1.900	08/31/2020
912828T67	15311	U S Treasury Note		12/20/2017	10,000,000.00	10,167,200.00	9,683,203.13	1.250	Aaa	AA	2.108	10/31/2021
912828R77	15312	U S Treasury Note		12/20/2017	15,000,000.00	15,223,800.00	14,658,984.38	1.375	Aaa	AA	2.062	05/31/2021
912828R77	15318	U S Treasury Note		01/04/2018	10,000,000.00	10,149,200.00	9,767,968.75	1.375	Aaa	AA	2.085	05/31/2021
912828S76	15319	U S Treasury Note		01/04/2018	10,000,000.00	10,127,300.00	9,665,625.00	1.125	Aaa	AA	2.101	07/31/2021
912828XM7	15326	U S Treasury Note		01/22/2018	20,000,000.00	20,100,000.00	19,752,343.75	1.625	Aaa	AA	2.131	07/31/2020
912828XR6	15339	U S Treasury Note		02/02/2018	10,000,000.00	10,327,000.00	9,693,750.00	1.750	Aaa	AA	2.501	05/31/2022
912828F21	15371	U S Treasury Note		04/10/2018	11,000,000.00	11,318,010.00	10,862,500.00	2.125	Aaa	AA	2.503	09/30/2021
912828WY2	15372	U S Treasury Note		04/10/2018	10,000,000.00	10,275,800.00	9,926,562.50	2.250	Aaa	AA	2.482	07/31/2021
912828K58	15383	U S Treasury Note		04/19/2018	20,000,000.00	20,020,600.00	19,575,000.00	1.375	Aaa	AA	2.454	04/30/2020
9128284S6	15393	U S Treasury Note		06/15/2018	10,000,000.00	10,773,100.00	9,986,718.75	2.750	Aaa	AA	2.779	05/31/2023
912828X96	15409	U S Treasury Note		08/22/2018	5,000,000.00	5,008,500.00	4,908,398.44	1.500	Aaa	AA	2.588	05/15/2020
912828NT3	15452	U S Treasury Note		12/10/2018	10,000,000.00	10,098,400.00	9,977,734.38	2.625	Aaa	AA	2.760	08/15/2020
912828Y46	15455	U S Treasury Note		12/12/2018	10,000,000.00	10,086,700.00	9,975,781.25	2.625	Aaa	AA	2.776	07/31/2020
912828U57	15491	U S Treasury Note		03/26/2019	10,000,000.00	10,659,000.00	9,955,468.75	2.125	Aaa	AA	2.225	11/30/2023
912828XG0	15495	U S Treasury Note		03/28/2019	10,000,000.00	10,430,500.00	9,994,140.63	2.125	Aaa	AA	2.143	06/30/2022
912828Y20	15505	U S Treasury Note		04/03/2019	10,000,000.00	10,318,800.00	10,071,875.00	2.625	Aaa	AA	2.299	07/15/2021
912828X96	15510	U S Treasury Note		04/08/2019	10,000,000.00	10,017,000.00	9,901,562.50	1.500	Aaa	AA	2.410	05/15/2020
9128286C9	15522	U S Treasury Note		04/16/2019	15,000,000.00	15,640,500.00	15,049,804.69	2.500	Aaa	AA	2.378	02/15/2022
9128287C8	15556	U S Treasury Note		09/25/2019	10,000,000.00	10,342,600.00	10,042,187.50	1.750	Aaa	AA	1.595	07/15/2022
9128282J8	15561	U S Treasury Note		09/26/2019	10,000,000.00	10,042,200.00	9,973,437.50	1.500	Aaa	AA	1.834	07/15/2020
9128285K2	15564	U S Treasury Note		09/30/2019	10,000,000.00	10,905,500.00	10,509,765.63	2.875	Aaa	AA	1.581	10/31/2023
9128285K2	15565	U S Treasury Note		09/30/2019	10,000,000.00	10,905,500.00	10,509,375.00	2.875	Aaa	AA	1.582	10/31/2023
912828S92	15566	U S Treasury Note		10/09/2019	10,000,000.00	10,310,600.00	9,951,171.88	1.250	Aaa	AA	1.382	07/31/2023
9128287C8	15592	U S Treasury Note		12/10/2019	10,000,000.00	10,342,600.00	10,028,125.00	1.750	Aaa	AA	1.639	07/15/2022

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Treasury Securities - Coupon												
912828UN8	15603	U S Treasury Note		12/19/2019	20,000,000.00	20,986,000.00	20,201,562.50	2.000	Aaa	AA	1.671	02/15/2023
9128284W7	15605	U S Treasury Note		12/24/2019	40,000,000.00	41,415,600.00	40,707,812.50	2.750	Aaa	AA	1.654	08/15/2021
912828TY6	15608	U S Treasury Note		01/08/2020	10,000,000.00	10,353,900.00	10,020,703.13	1.625	Aaa	AA	1.550	11/15/2022
912828M49	15609	U S Treasury Note		01/09/2020	15,000,000.00	15,621,750.00	15,114,843.75	1.875	Aaa	AA	1.595	10/31/2022
912828YK0	15612	U S Treasury Note		01/14/2020	10,000,000.00	10,282,000.00	9,940,625.00	1.375	Aaa	AA	1.596	10/15/2022
912828Z29	15616	U S Treasury Note		01/23/2020	10,000,000.00	10,342,200.00	9,991,406.25	1.500	Aaa	AA	1.530	01/15/2023
912828UN8	15617	U S Treasury Note		01/23/2020	20,000,000.00	20,986,000.00	20,307,812.50	2.000	Aaa	AA	1.484	02/15/2023
912828T26	15623	U S Treasury Note		01/30/2020	10,000,000.00	10,371,093.00	10,003,906.25	1.375	Aaa	AA	1.364	09/30/2023
		Subtotal and Average	**586,161,542.39**		**566,000,000.00**	**580,485,703.00**	**563,117,187.55**				**1.930**	
Municipal Bonds												
13063DDF2	15323	California State Controller		01/08/2018	10,000,000.00	10,261,900.00	10,004,600.00	2.500	Aa	AA	2.489	10/01/2022
13063DAC2	15378	California State Controller		04/17/2018	5,000,000.00	5,063,050.00	4,989,350.00	2.625	Aa	AA	2.700	04/01/2021
13063DGA0	15386	California State Controller		04/25/2018	6,000,000.00	6,086,040.00	6,000,240.00	2.800	Aa	AA	2.867	04/01/2021
13063DGN2	15416	State of California		09/18/2018	21,000,000.00	22,276,800.00	21,329,700.00	3.400	Aa	AA	3.051	08/01/2023
13063DRH3	15571	State of California		10/24/2019	10,000,000.00	10,261,900.00	10,205,000.00	2.500	Aa	AA	1.822	10/01/2022
13063DRH3	15572	State of California		10/24/2019	10,000,000.00	10,261,900.00	10,219,400.00	2.500	Aa	AA	1.770	10/01/2022
		Subtotal and Average	**62,748,290.00**		**62,000,000.00**	**64,211,590.00**	**62,748,290.00**				**2.507**	
Supranationals												
4581X0CP1	14933	INTER AMERICAN DEV BANK		09/30/2016	5,000,000.00	5,009,450.00	5,131,100.00	1.875	Aaa	AAA	1.151	06/16/2020
4581X0CX4	15126	INTER AMERICAN DEV BANK		04/12/2017	20,000,000.00	20,031,200.00	19,952,600.00	1.625	Aaa	AAA	1.704	05/12/2020
4581X0DB1	15384	INTER AMERICAN DEV BANK		04/19/2018	10,000,000.00	10,213,066.00	9,987,060.00	2.625	Aaa	AAA	2.670	04/19/2021
4581X0DA3	15490	INTER AMERICAN DEV BANK		03/27/2019	10,000,000.00	10,528,771.00	10,077,000.00	2.500	Aaa	AAA	2.287	01/18/2023
4581X0CC0	15507	INTER AMERICAN DEV BANK		04/05/2019	6,175,000.00	6,693,020.75	6,331,227.50	3.000	Aaa	AAA	2.403	10/04/2023
4581X0CC0	15534	INTER AMERICAN DEV BANK		06/28/2019	15,000,000.00	16,258,350.00	15,706,200.00	3.000	Aaa	AAA	1.847	10/04/2023
45905UXS8	14951	International Bank for Reconst		10/27/2016	10,000,000.00	10,051,200.00	9,920,600.00	1.200	Aaa	AAA	1.400	12/01/2020
45905UC36	15045	International Bank for Reconst		12/28/2016	10,000,000.00	10,210,438.00	10,000,000.00	2.000	Aaa	AAA	2.000	09/28/2021
45905UF74	15138	International Bank for Reconst		04/19/2017	10,000,000.00	10,088,300.00	10,000,000.00	1.770	Aaa	AAA	1.770	10/19/2020
459058EW9	15239	International Bank for Reconst		08/30/2017	10,000,000.00	10,093,288.00	9,985,000.00	1.625	Aaa	AAA	1.669	03/09/2021
459058GL1	15448	International Bank for Reconst		12/05/2018	15,000,000.00	16,233,469.50	15,022,200.00	3.000	Aaa	AAA	2.966	09/27/2023
459058GL1	15504	International Bank for Reconst		04/02/2019	10,000,000.00	10,822,313.00	10,321,700.00	3.000	Aaa	AAA	2.242	09/27/2023
459058DY6	15601	International Bank for Reconst		12/18/2019	10,000,000.00	10,203,140.00	9,984,400.00	1.626	Aaa	AAA	1.699	02/10/2022
459058GU1	15619	International Bank for Reconst		01/24/2020	20,000,000.00	20,683,230.00	20,265,600.00	2.125	Aaa	AAA	1.567	07/01/2022
		Subtotal and Average	**162,684,687.50**		**161,175,000.00**	**167,119,236.25**	**162,684,687.50**				**1.958**	

Treasurer's Pooled Cash
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365
		Total and Average	3,279,748,448.81		3,327,722,242.36	3,391,698,301.16	3,328,037,037.32				2.025