PRELIMINARY OFFICIAL STATEMENT DATED MARCH 21, 2019

NEW ISSUE — BOOK-ENTRY ONLY | **RATING: S&P: "AA-"**
(See "CONCLUDING INFORMATION — 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."

$10,000,000*
FAIR OAKS RECREATION AND PARK DISTRICT
(Sacramento County, California)
Election of 2018 General Obligation Bonds, Series 2019

Dated: Date of Delivery | **Due: August 1; see inside cover**

Authorization and Purpose. The above-captioned general obligation bonds (the "Bonds") are being issued by the Fair Oaks Recreation and Park District (the "District"). The Bonds were authorized at an election of the registered voters of the District held on November 6, 2018, which authorized the issuance of $26,900,000 principal amount of general obligation bonds to finance the renovation, repair, replacement or upgrade of facilities and construct new facilities (the "Bond Authorization"). The Bonds are being issued pursuant to (i) the Constitution and laws of the State of California (the "State"), including the provisions of Article 11 (commencing with Section 5790) of Chapter 4 of Division 5 of the Public Resources Code and Article 4.5, commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (collectively, the "Bond Law") and (ii) a Paying Agent Agreement, dated as of March 1, 2019 (the "Paying Agent Agreement"), between the District and Director of Finance of the County of Sacramento, California, as paying agent (the "Paying Agent"). See "THE BONDS - Authority for Issuance; Purpose."

The Bonds are being issued to (i) finance the renovation, repair, replacement or upgrade of facilities and to construct new park facilities and (ii) pay costs of issuing the Bonds. See "THE BONDS - Authority for Issuance; Purpose."

Security. The Bonds are general obligation bonds of the District, payable solely from *ad valorem* property taxes levied by the District and collected by Sacramento County (the "County"). The Board of Supervisors of 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 certain personal property which is taxable at limited rates). The Bonds are payable solely from *ad valorem* taxes levied on parcels in the District. The Bonds are the first issuance pursuant to the Bond Authorization. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS." ***The District is not funding a debt service reserve fund for the Bonds***.

Book-Entry Only. The Bonds will be issued in book-entry form only, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases of the Bonds will be in principal amounts of $5,000 or in any integral multiples of $5,000. 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, 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, 2019. Payments of principal of and interest on the Bonds will be paid by Director of Finance of the County of Sacramento, California, 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. See "THE BONDS - Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to their stated maturity as described in this Official Statement. See "THE BONDS - Redemption of the Bonds."

MATURITY SCHEDULE
(See inside cover)

THIS COVER PAGE CONTAINS INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT A SUMMARY OF THE SECURITY OR TERMS OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT FOR A DISCUSSION OF SPECIAL FACTORS WHICH SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH IN THIS OFFICIAL STATEMENT, IN CONSIDERING THE INVESTMENT QUALITY OF THE BONDS. CAPITALIZED TERMS USED ON THIS COVER PAGE AND NOT OTHERWISE DEFINED SHALL HAVE THE MEANINGS SET FORTH IN THIS OFFICIAL STATEMENT.

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall, A Professional Law Corporation is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Irvine, California, is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about April 10, 2019.

BRANDIS TALLMAN LLC

The date of this Official Statement is ____ ____, 2019.

**Preliminary; subject to change.*

$10,000,000*
FAIR OAKS RECREATION AND PARK DISTRICT
(Sacramento County, California)
Election of 2018 General Obligation Bonds, Series 2019

MATURITY SCHEDULE
(Base CUSIP†: ______)

$_________ Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

$_______ ___% Term Bonds due August 1, 20__; Yield; ____%; Price: ____; CUSIP† ___

____

Preliminary; subject to change.

† Copyright, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor's Capital IQ, and are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

FAIR OAKS RECREATION AND PARK DISTRICT
(Sacramento County, California)

DISTRICT BOARD OF DIRECTORS

Ralph Carhart, *Chair*
Delinda Tamagni, *Vice-Chair*
Raymond James Irwin, *Director*
John O'Farrell*, Director*
Geoffrey Simcoe*, Director*

DISTRICT STAFF

Michael Aho, *District Administrator*
Jennifer Larkin, *Administrative Services Manager*

PROFESSIONAL SERVICES

Municipal Advisor

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

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Paying Agent, Registrar and Transfer Agent

Director of Finance of the County of Sacramento, California
Sacramento, 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 Underwriter.

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

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

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

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

Involvement of Underwriter. The following statement has been provided by the Underwriter: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

Document Summaries. All summaries of the Paying Agent Agreement 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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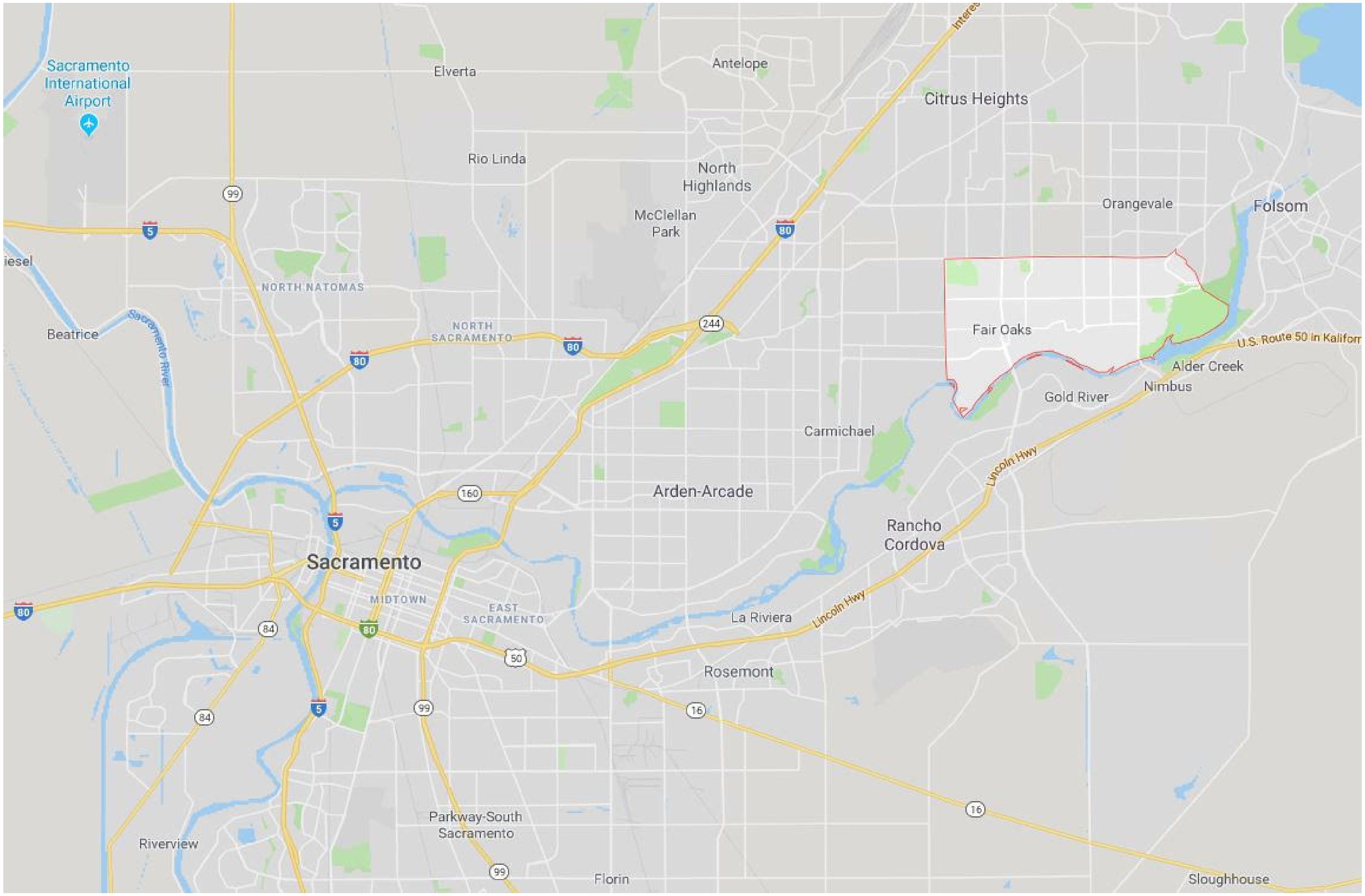
Location Map



$10,000,000*
FAIR OAKS RECREATION AND PARK DISTRICT
(Sacramento County, California)
Election of 2018 General Obligation Bonds, Series 2019

INTRODUCTION

This introduction contains only a brief summary of certain terms of the Bonds described in this Official Statement, and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement.

General

The purpose of this Official Statement (which includes the cover page, inside cover page and the Appendices) is to provide information concerning the issuance of the above-captioned Bonds (the "**Bonds**").

The District

The Fair Oaks Recreation and Park District (the "District") was formed in 1945 to serve the community of Fair Oaks, a census designated place in Sacramento County (the "**County**"), and provide recreation and park facilities, and programs, for the 2,300 citizens of the District. The District soon began to acquire or gain title to a number of park properties and recreation facilities, beginning with the Fair Oaks Plaza in 1947.

The District currently serves approximately 31,000 residents and owns 123 acres of parkland, comprised of 10 developed parks. The District provides a wide range of year-round recreation programming, including special events, day camps, teen programs and trips, adult sports leagues, senior activities, youth programs, a preschool and leisure enrichment classes. The District owns and operates the Community Clubhouse, the McMillan Center, and the Old Fair Oaks Library. In 1992, the District acquired the Fair Oaks Courthouse and renovated it for use as the District's administration building.

Governing Board and Management

The five-member Board of Directors of the District (the "Board") establishes policies for the District that promote and protect the public interest as it is served by District parks and programs. Members of the Board are elected for staggered four-year terms.

For additional information about the District's operations and finances, see APPENDIX A and APPENDIX B hereto.

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* *Preliminary; subject to change.*

Authority for the Bonds

The Bonds are being issued pursuant to (i) the Constitution and laws of the State of California (the "**State**"), including the provisions of Article 11 (commencing with Section 5790) of Chapter 4 of Division 5 of the Public Resources Code and Article 4.5, commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (collectively, the "**Bond Law**") and (ii) a Paying Agent Agreement, dated as of March 1, 2019 (the "**Paying Agent Agreement**"), between the District and The Director of Finance of the County of Sacramento, California, as Paying Agent (the "**Paying Agent**"). The Bonds were authorized at an election of the registered voters of the District held on November 6, 2018, which authorized the issuance of $26,900,000 principal amount of general obligation bonds to finance improvements and property of the District (the "**Bond Authorization**").

Form of the Bonds

The Bonds will mature in the years and in the amounts as 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 “THE BONDS” and APPENDIX F.

Purpose

The proceeds of the sale of the Bonds will be used to (i) finance the renovation, repair, replacement or upgrade of facilities and to construct new park facilities and (ii) pay costs of issuing the Bonds. See "THE BONDS - Authority for Issuance; Purpose."

Security for the Bonds

The Bonds are general obligations of the District payable from *ad valorem* taxes assessed within the District pursuant to the Bond Authorization. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District in each year that the Bonds or other general obligation debt are outstanding, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), in order to receive amounts sufficient to pay debt service on the Bonds and other general obligation bonds of the District. Such taxes are in addition to other taxes levied upon property within the District.

The Bonds are the first issuance pursuant to the Bond Authorization. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS - General" and "- Direct and Overlapping Debt" below.

The District is not funding a debt service reserve fund for the Bonds.

Redemption

The Bonds are subject to redemption prior to their stated maturity as described in this Official Statement. See "THE BONDS – Redemption of the Bonds."

Summaries Not Definitive

The summaries and references of documents, statutes, reports and other instruments referred to in this Official Statement do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each document, statute, report, or instrument. The capitalization of any word not conventionally capitalized, or otherwise defined in this Official Statement, indicates that such word is defined in a particular agreement or other document and, as used in this Official Statement, has the meaning given it in such agreement or document.

Copies of the documents described in this Official Statement will be available at the District's office, 4150 Temescal Street, Fair Oaks, California 95628 telephone: (916) 966-1036. The District may impose a charge for copying, mailing and handling.

[*End of Introduction*]

THE BONDS

Authority for Issuance; Purpose

The Bonds are being issued pursuant to the Constitution and laws of the State, including the Bond Law, and the Paying Agent Agreement.

Pursuant to the Bond Authorization, the District has the authority to issue bonds in an aggregate principal amount of $26,900,000 to finance the renovation, repair, replacement or upgrade of facilities and to construct new facilities.

The Bonds are the first series of bonds issued pursuant to the Bond Authorization. Following the issuance of the Bonds, there will be $16,900,000* of remaining issuance under the Bond Authorization.

Estimated Sources and Uses of Funds

The proceeds to be received from the sale of the Bonds are anticipated to be applied as follows:

SOURCES OF FUNDS:	
Principal Amount of Bonds	$
Original Issue Premium/Discount	
Total Sources:	$
USES OF FUNDS:	
Building Fund	$
Costs of Issuance Fund(1)	
Debt Service Fund (2)	
Total Uses:	$

(1) Includes legal fees, municipal advisory fees, Underwriter's discount, Paying Agent fees, printing expenses, rating fees and other costs of issuing the Bonds.
(2) Represents a portion of interest on the Bonds.

Description of the Bonds

The Bonds mature in the years and in the amounts as 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. So long as DTC, or Cede & Co. as its nominee, is the registered owner of all Bonds, all payments on the Bonds will be made directly to DTC, and disbursement of such payments to participants in DTC's book-entry system ("**DTC Participants**") will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (as defined in APPENDIX F) will be the responsibility of the Participants, as more fully described in "– Book-Entry System" and APPENDIX F.

* *Preliminary; subject to change.*

The Bonds will be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2019 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof 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 (15^{th}) 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, 2019, 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 the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds.

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 Paying Agent Agreement and known as the "Fair Oaks Recreation and Park District Election of 2018, Series 2019 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 (as defined herein) and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Transfer of Bonds

Any Bond may be transferred upon the registration books kept by the Paying Agent by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed and the payment of such reasonable transfer fees as the Paying Agent may establish.

Bonds may be exchanged at the corporate trust office of the Paying Agent for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity. The Paying Agent shall collect any tax or other governmental charge on the exchange of any Bonds required to be paid with respect to such exchange. The Paying Agent is not required to register the transfer or exchange of any Bond during the period the Paying Agent is selecting Bonds for redemption or any Bond selected for redemption.

Redemption of the Bonds*

Optional Redemption. The Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on or after August 1, 20__ shall be subject to redemption at the option of the District in whole or in part on any date on or after August 1, 20__ from such maturities as are selected by the District (and by lot within a maturity) from any available source of funds, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 20__ shall be "**Term Bonds**." The Term Bonds shall also be subject to mandatory redemption in whole, or in part by lot, on August 1, 20__, and on August 1 in each year thereafter, from sinking fund deposits made by the District pursuant to the Paying Agent Agreement, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased pursuant to the Paying Agent Agreement, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the Term Bonds have been redeemed pursuant to the optional redemption provision described above, the total amount of all future sinking fund redemption payments shall be reduced by the aggregate principal amount of Term Bonds so redeemed, to be allocated as directed by the District or, if not so directed, among such sinking fund payments on a pro rata basis in integral multiples of $5,000 as determined by the District (notice of which determination shall be given by the District to the Paying Agent).

$_________ Term Bonds Maturing August 1, 20__

Sinking Account Redemption Date (August 1)	Principal Amount To Be Redeemed or Purchased

The District shall give the Paying Agent written notice of its intention to redeem Bonds under the Paying Agent Agreement, and the manner of selecting such Bonds for redemption from among the maturities thereof and the amount of the redemption premium thereon, at least 20 but not more than 60 days prior to the date set for redemption to enable the Paying Agent to give notice of such redemption in accordance with the Paying Agent Agreement.

Selection of Bonds for Redemption. Whenever less than all of the outstanding Bonds of any one maturity are to be redeemed, the Paying Agent shall determine by lot by such method as the Paying Agent shall deem fair and appropriate, the Bonds or portions thereof to be redeemed, and shall notify the District thereof. For purposes of such selection, Bonds shall be deemed to be composed of $5,000 multiples and any such multiple may be separately redeemed. All Bonds redeemed pursuant to the Paying Agent Agreement shall be canceled and shall, upon Written Request of the District, thereupon be delivered to the District**.** In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the District shall execute

* *Preliminary; subject to change.*

and the Paying Agent shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same series and maturity of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

So long as the Bonds are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered Owner of the Bonds, partial redemptions will be done in accordance with DTC procedures. It is the District's intent that redemption allocations made by DTC be made in accordance with the provisions described herein. However, neither the District nor the Paying Agent has a duty to assure, and can provide no assurance, that DTC will allocate redemptions among Beneficial Owners on such a proportional basis, and neither the District nor the Paying Agent shall have any liability whatsoever to Beneficial Owners in the event redemptions are not done on a proportionate basis for any reason. The portion of any registered Bonds of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or any integral multiple thereof. See "– Book Entry System," below.

Notice of Redemption. The Paying Agent on behalf and at the expense of the District shall mail (by first class mail) notice of any redemption at least 20 but not more than 60 days prior to the redemption date, to (i) the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books, and (ii) DTC and the Municipal Securities Rulemaking Board; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and shall require that such Bonds be then surrendered at the stated office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue after the redemption date. 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.

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 Paying Agent Agreement, 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 Paying Agent Agreement.

Defeasance

The Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable under the Paying Agent Agreement by the District:

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

(ii) by depositing, at or before maturity, money or securities in the necessary amount to pay Bonds Outstanding; or

(iii) by delivering to the Paying Agent, for cancellation by it, Bonds Outstanding.

If the District pays all Bonds Outstanding and also pays or causes to be paid all other sums payable by the District pursuant to the Paying Agent Agreement, then and in that case, at the election of the District, and notwithstanding that any Bonds shall not have been surrendered for payment, the Paying Agent Agreement will cease, terminate, become void and be completely discharged and satisfied.

Investment of Bond Proceeds

Moneys in the Building Fund and the Debt Service Fund (as such are established by and defined in the Paying Agent Agreement) will be invested by the County Treasurer, at the written direction of the Chief Financial Officer of the District, in Permitted Investments (as such are established by and defined in the Paying Agent Agreement) maturing prior to the date on which such moneys are required to be paid out under the Paying Agent Agreement. Moneys in the Debt Service Fund will be invested by the County Treasurer in Permitted Investments that by their terms mature prior to the date on which such moneys are required to be paid out hereunder. Obligations purchased as an investment of moneys in any of such funds and accounts will at all times be deemed to be part of each such respective fund and account so invested, and all interest, gain or loss on the investment of moneys in such respective fund and accounts will be credited or charged thereto.

Book-Entry System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX F.

The District, the Underwriter and the Paying Agent cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal, interest or premium, if any, with respect to the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The District and the Paying Agent are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto.

DEBT SERVICE SCHEDULE

The following table shows the annual debt service schedule for the Bonds, assuming no optional redemptions. The District has no other outstanding indebtedness secured by *ad valorem* property taxes.

FAIR OAKS RECREATION AND PARK DISTRICT
(Sacramento County, California)
Election of 2018 General Obligation Bonds, Series 2019

August 1	Principal	Interest	Total Debt Service
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
TOTAL			

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

Ad Valorem Tax Collections. The Bonds are general obligations of the District, payable by the District solely from *ad valorem* property taxes levied and collected by the County. The County is empowered and is obligated to annually levy such *ad valorem* taxes upon all property within the District subject to taxation in the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates), as security for the Bonds as described herein. 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.

Other Bonds Payable from* Ad Valorem *Property Taxes. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "-Typical 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 District's timely payment of debt service. Such taxes, when collected, will be deposited into a debt service fund established for the Bonds, which is maintained by the County and which is irrevocably pledged by the District for its 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.

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

Economic and other factors beyond the District's control, such as economic recession, deflation of 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, drought 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.

Debt Service Fund

The accrued interest and any premium received by the County from the sale of the Bonds will be deposited in a separate fund known as the "Fair Oaks Recreation and Park District, Election of 2018 General Obligation Bonds, Series 2019 Debt Service Fund" (the "**Debt Service Fund**") which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Bonds. Interest earnings on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund and used by the County to pay the principal of and interest on the Bonds when due.

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 receipt. The Debt Service Fund has been 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. The collections deposited in the Debt Service Fund are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service the Bonds.

Ad Valorem Property Taxation Within the District

Taxes are levied by the County for each Fiscal Year on taxable real and personal property which is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

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 on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid by 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the Superior Court Clerk of a county specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder’s office of the applicable County in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Allocation of Property Taxes

The allocation of *ad valorem* property taxes to local governments and, accordingly, the District, is subject to certain State statutes, which may change from time to time. However, such allocation of *ad valorem* property taxes has received new constitutional protection in recent years, and the District believes that any such change will not adversely affect its ability to pay debt service on the Bonds or any other bonds issued pursuant to the Bond Authorization. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON DISTRICT TAX REVENUES AND APPROPRIATIONS – California Senate Bill 222” in APPENDIX A to this Official Statement for additional information.

Assessed Valuations

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.

Shown in the following table is a recent history of the assessed valuation of property in the District.

FAIR OAKS RECREATION AND PARK DISTRICT
Summary of Assessed Valuation
Fiscal Years 2004-05 through 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2004-05	$2,765,013,777	$0	$39,441,179	$2,804,454,956	--%
2005-06	3,020,343,709	0	40,564,628	3,060,908,337	9.1
2006-07	3,328,242,149	0	41,071,772	3,369,313,921	10.1
2007-08	3,510,339,520	0	43,179,006	3,553,518,526	5.5
2008-09	3,622,945,145	0	53,206,377	3,676,151,522	3.5
2009-10	3,528,263,084	0	53,253,297	3,581,516,381	(2.6)
2010-11	3,497,599,947	0	48,161,008	3,545,760,955	(1.0)
2011-12	3,423,481,572	0	46,226,442	3,469,708,014	(2.1)
2012-13	3,369,827,259	0	44,700,995	3,414,528,254	(1.6)
2013-14	3,478,530,231	0	41,549,444	3,520,079,675	3.1
2014-15	3,701,161,075	0	40,543,268	3,741,704,343	6.3
2015-16	3,835,818,716	0	39,483,852	3,875,302,568	3.6
2016-17	3,979,155,276	0	36,404,321	4,015,559,597	3.6
2017-18	4,229,780,865	0	37,646,788	4,267,427,653	6.3
2018-19	4,455,625,965	0	38,658,710	4,494,284,675	5.3

Source: California Municipal Statistics, Inc.

Pursuant to the Bond Law, the District may issue bonds in an amount up to 10% of the assessed valuation of taxable property within its boundaries. Prior to the issuance of the Bonds and based on fiscal year 2018-19 assessed valuation, the District's gross bonding capacity is approximately $494.3 million. The District will have $10 million* of general obligation bonds outstanding as of the date of issuance of the Bonds.

* *Preliminary; subject to change.*

Taxation of State-Assessed Utility Property

A small portion (less than 1%) of property tax revenue of the District is derived from utility property subject to assessment by the State Board of Equalization ("**SBE**"). 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 unitary property of regulated railways and 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 by Land Use

The following table describes a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

FAIR OAKS RECREATION AND PARK DISTRICT
2018-19 Assessed Valuation and Parcels by Land Use

Non-Residential:	2018-19 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total
Commercial/Office	$321,667,293	7.22%	320	2.55%
Vacant Commercial	6,309,695	0.14	28	0.22
Industrial	9,229,374	0.21	5	0.04
Recreational	5,469,615	0.12	2	0.02
Government/Social/Institutional	2,795,426	0.06	29	0.23
Miscellaneous	140,002	0.00	221	1.76
Subtotal Non-Residential	$345,611,405	7.76%	605	4.82%
Residential:				
Single Family Residence	$3,651,414,344	81.95%	10,470	83.47%
Condominium	81,083,693	1.82	458	3.65
Mobile Home	2,029,070	0.05	10	0.08
2-4 Residential Units	133,353,273	2.99	446	3.56
5+ Residential Units/Apartments	196,694,342	4.41	38	0.30
Vacant Residential	45,439,838	1.02	516	4.11
Subtotal Residential	$4,110,014,560	92.24%	11,938	95.18%
Total	$4,455,625,965	100.00%	12,543	100.00%

[1] Total Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Residential Properties

The following table focuses on single-family residential properties only, which comprise approximately 81.95% of the assessed value of taxable property in the District. The table provides a distribution of single-family residences in the District by assessed value. The average assessed value is $348,750, and the median assessed value is $323,098.

FAIR OAKS RECREATION AND PARK DISTRICT
Per Parcel 2017-18 Assessed Valuation of Single Family Homes

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	10,470	$3,651,414,344	$348,750	$323,098

2018-19 Assessed Valuation	No. of Parcels [1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	110	1.051%	1.051%	$ 4,328,517	0.119%	0.119%
$50,000 - $99,999	755	7.211	8.262	57,523,571	1.575	1.694
$100,000 - $149,999	750	7.163	15.425	94,500,814	2.588	4.282
$150,000 - $199,999	922	8.806	24.231	161,852,214	4.433	8.715
$200,000 - $249,999	1,016	9.704	33.935	230,208,925	6.305	15.019
$250,000 - $299,999	1,141	10.898	44.833	313,919,265	8.597	23.616
$300,000 - $349,999	1,138	10.869	55.702	368,888,877	10.103	33.719
$350,000 - $399,999	1,041	9.943	65.645	389,918,400	10.679	44.398
$400,000 - $449,999	910	8.691	74.336	386,526,142	10.586	54.983
$450,000 - $499,999	752	7.182	81.519	356,366,736	9.760	64.743
$500,000 - $549,999	570	5.444	86.963	297,984,613	8.161	72.904
$550,000 - $599,999	380	3.629	90.592	217,440,687	5.955	78.859
$600,000 - $649,999	253	2.416	93.009	157,951,592	4.326	83.184
$650,000 - $699,999	205	1.958	94.967	138,496,197	3.793	86.977
$700,000 - $749,999	132	1.261	96.227	95,515,277	2.616	89.593
$750,000 - $799,999	103	0.984	97.211	79,590,316	2.180	91.773
$800,000 - $849,999	77	0.735	97.947	63,534,161	1.740	93.513
$850,000 - $899,999	38	0.363	98.309	33,238,434	0.910	94.423
$900,000 - $949,999	36	0.344	98.653	33,244,140	0.910	95.334
$950,000 - $999,999	38	0.363	99.016	37,063,469	1.015	96.349
$1,000,000 and greater	103	0.984	100.000	133,321,997	3.651	100.000
Total	10,470	100.000%		$3,651,414,344	100.000%	

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

Largest Secured Property Taxpayers in District

The twenty taxpayers in the District with the greatest combined secured assessed valuation of taxable property on the 2018-19 tax roll, and the assessed valuations thereof, are shown below. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner.

FAIR OAKS RECREATION AND PARK DISTRICT
Largest Local Secured Taxpayers
Fiscal Year 2018-19

	Property Owner	2018-19 Primary Land Use	Assessed Valuation	% of Total (1)
1.	Au Zone Madison LLC / NMC Madison Marketplace	Shopping Center	$ 46,560,000	1.04%
2.	Sacto Fair Oaks Blvd Apts LP	Apartments	28,138,793	0.63
3.	Fair Oaks Fountains LLC	Apartments	26,022,505	0.58
4.	Madison/Sunrise Associates LLC	Shopping Center	23,749,989	0.53
5.	Sacto Winding Way Apts LP	Apartments	20,437,280	0.46
6.	Fair Oaks Promenade LLC	Shopping Center	19,483,326	0.44
7.	PK I Northridge Plaza LP	Shopping Center	16,560,000	0.37
8.	Miktap LLC	Apartments	14,981,760	0.34
9.	Efren R. Cota Ltd.	Apartments	14,045,400	0.32
10.	John C. LaFleur Living Trust	Apartments	12,498,147	0.28
11.	Sungarden Duplexes Investors LLC	Apartments	9,548,352	0.21
12.	Sungarden Apartments Invs LLC	Apartments	9,270,262	0.21
13.	Fair Oak Assisted Living LLC	Assisted Living Facility	9,066,728	0.20
14.	Sunrise Professional LLC	Office Building	8,660,000	0.19
15.	Azarnia LLC	Shopping Center	8,100,000	0.18
16.	Sunrise-SPC LLC	Industrial	8,053,335	0.18
17.	RO Amarlous Family LP	Apartments	7,746,752	0.17
18.	82 Kenneth LLC	Residential Land	7,597,735	0.17
19.	CRR Investors LLC	Apartments	7,129,800	0.16
20.	Behziz Family Trust / Mouzooni Family Trust	Shopping Center	7,080,000	0.16
			$304,730,164	6.84%

(1) Based on 2018-19 total secured assessed valuation of $4,455,625,965.
Source: California Municipal Statistics, Inc.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities for property in the District which lies in Tax Rate Area 54-402 during fiscal years 2014-15 through 2018-19.

FAIR OAKS RECREATION AND PARK DISTRICT
Assessed Valuation and Parcels by Land Use
Typical Total Tax Rates per $100 of Assessed Valuation
(TRA 54-402) (1)

	2014-15	2015-16	2016-17	2017-18	2018-19
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Los Rios Community College District	.0113	.0091	.0141	.0130	.0131
San Juan Unified School District	.1509	.1547	.1522	.2115	.1993
Total All Property Tax Rate	$1.1622	$1.1638	$1.1663	$1.2245	$1.2124

(1) 2018-19 assessed valuation of TRA 54-402 is $1,814,879,350, which is 40.38% of the district's total assessed valuation.
Source: California Municipal Statistics, Inc.

Appeals of Assessed Value

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

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

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

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

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.

Property Tax Collections

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 taxpayers 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 that have been assessed on property within the District or other tax rate areas of the County.

Sacramento 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, 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 that accrues on delinquent payments.

The Teeter Plan, as applicable to the District, is to remain in effect unless the Sacramento County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any Fiscal Year in Sacramento County (which commences on July 1), the Board of Supervisors of Sacramento County has received a petition for its discontinuance joined in by resolutions adopted by two thirds of the participating revenue districts 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 Sacramento County 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 each 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 Sacramento County the District's receipt of revenues with respect to the levy of *ad valorem* property taxes in Sacramento County will not be dependent upon actual collections of the *ad valorem* property taxes by Sacramento County.

Notwithstanding the above, the following table shows actual secured tax charges and delinquencies for secured property in the District for fiscal years 2013-14 through 2017-18.

FAIR OAKS RECREATION AND PARK DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Year 2013-14 through 2017-18

	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2013-14	$437,629.00	$6,501.00	1.49%
2014-15	448,369.00	6,035.00	1.35
2015-16	460,915.00	4,435.00	0.96
2016-17	476,370.00	6,326.00	1.33
2017-18	494,141.00	6,436.00	1.30

(1) Fair Oaks Recreation and Park District Park Maintenance Assessment.
Source: California Municipal Statistics

Direct and Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of February 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

FAIR OAKS RECREATION AND PARK DISTRICT
Statement of Direct and Overlapping Bonded Debt
(February 1, 2019)

2018-19 Assessed Valuation: $4,494,284,675

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 2/1/19**
Los Rios Community College District	2.298%	$ 9,104,446
San Juan Unified School District	12.426	75,411,028
Fair Oaks Recreation and Park District	**100.000**	**0** (1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$84,515,474
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	2.789%	$ 4,943,852
Sacramento County Pension Obligation Bonds	2.789	24,701,338
Sacramento County Board of Education Certificates of Participation	2.789	134,988
Los Rios Community College District Certificates of Participation	2.298	10,111
SAN JUAN UNIFIED SCHOOL DISTRICT CERTIFCATES OF PARTICIPATION	12.426	31,233
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	6.737	3,942,086
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$33,763,608
Less: Sacramento County supported obligations		475,455
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$33,288,153
GROSS COMBINED TOTAL DEBT		$118,279,082 (2)
NET COMBINED TOTAL DEBT		$117,803,627

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($0) 0.00%
Total Direct and Overlapping Tax and Assessment Debt........................1.88%
Gross Combined Total Debt 2.63%
Net Combined Total Debt 2.62%

(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.

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 "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

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, original issue 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 original issue 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 original issue 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.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as APPENDIX E. The District has covenanted therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **"Annual Report"**) not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing March 31, 2020 with the report for the 2018-19 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 as APPENDIX E. These covenants have been made in order to assist the Underwriter with complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the **"Rule"**).

During the previous five years, the District has not been subject to any continuing disclosure undertakings pursuant to the Rule. To assist the District to comply with its continuing disclosure undertakings with respect to the Bonds pursuant to the Continuing Disclosure Certificate, the District has engaged Isom Advisors, a Division of Urban Futures, Inc. to serve as its dissemination agent with respect to the Continuing Disclosure Certificate to be executed in connection with the Bonds.

CONCLUDING INFORMATION

Underwriting

Brandis Tallman LLC (the "Underwriter") has agreed to purchase the Bonds at a price of $___________ which is equal to the initial principal amount of the Bonds of $_____________, plus original issue premium of $_________, less an Underwriter's discount of $___________. The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

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

Legal Opinion

Bond Counsel will render an opinion substantially in the form of APPENDIX D hereto with respect to the validity of the Bonds. Jones Hall, A Professional Law Corporation, San Francisco, California, is also serving as Disclosure Counsel to the District.

Fees payable to Bond Counsel and Disclosure Counsel are contingent upon issuance of the Bonds.

Litigation

The District is not aware of any pending or threatened litigation concerning the validity of the Bonds, or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue the Bonds. Furthermore, the District is not aware of any pending or threatened litigation to restrain, enjoin, question or otherwise affect the political existence of the District or the validity of the Paying Agent Agreement, or in any way contesting or affecting the validity or enforceability of any of the foregoing or any proceedings of the District taken with respect to any of the foregoing.

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.

Rating

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), has assigned its municipal bond rating of "AA-" to the Bonds.

The rating reflects only the views of S&P, and explanations of the significance of such a rating, and any outlooks assigned to or associated with the rating, should be obtained from S&P, as appropriate.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The District has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement).

There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of any rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

Municipal Advisor

The District has retained Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California, as its Municipal Advisor (the "**Municipal Advisor**") in connection with the authorization and delivery of the Bonds. The payment of the Municipal Advisor's fees for services rendered with respect to the sale of the Bonds is contingent upon the authorization and delivery of the Bonds. The Municipal Advisor assumes no responsibility for the information, covenants and representations contained herein, in any of the legal documents or otherwise with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Financial Statements

Richardson & Company LLP, Certified Public Accountants, Sacramento, California (the "**Auditor**"), audited the financial statements of the District for the Fiscal Year ended June 30, 2018. The Auditor's examination was made in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United

States. See the District's most recent audited financial statements attached hereto as APPENDIX B.

The District has not requested nor did the District obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the District.

Miscellaneous

All of the descriptions of applicable law, the Paying Agent Agreement, the District, and the agreements and other documents contained herein are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

EXECUTION

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

FAIR OAKS RECREATION AND PARK DISTRICT

By:__________________________________
District Administrator

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APPENDIX A

DISTRICT FINANCIAL AND OPERATING INFORMATION; ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SACRAMENTO COUNTY

The information in this appendix concerning the operations of the District, the District's finances, risks and Constitutional and statutory limitations affecting the District, and the County's economic and demographic characteristics 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 or Sacramento County. The Bonds are payable solely from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and Constitutional requirements, and required to be levied on property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the Official Statement.

DISTRICT GENERAL INFORMATION

The Fair Oaks Recreation and Park District (the "**District**") was formed in 1945 to serve the community of Fair Oaks, a census designated place in Sacramento County (the "**County**"), and provide recreation and park facilities, and programs, for the 2,300 citizens of the District. The District soon began to acquire or gain title to a number of park properties and recreation facilities beginning with the Fair Oaks Plaza in 1947.

The District currently serves approximately 31,000 residents and owns 123 acres of parkland, comprised of 10 developed parks. The District provides a wide range of year-round recreation programming, including special events, day camps, teen programs and trips, adult sports leagues, senior activities, youth programs, a preschool and leisure enrichment classes. The District owns and operates the Community Clubhouse, the McMillan Center, and the Old Fair Oaks Library. In 1992, the District acquired the Fair Oaks Courthouse and renovated it for use as the District Administration building.

DISTRICT FINANCIAL INFORMATION

Financial Statements

The District's Audited Financial Statements for the Fiscal Year ending June 30, 2018 were prepared by the District and audited by Richardson & Company LLP, Certified Public Accountants, Sacramento, California (the "**Auditor**"). A copy of the District's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2018 is attached to the Official Statement as APPENDIX B, and audited financial statements for prior Fiscal Years are on file with the District and available for public inspection at the District Office. *The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit in the Official Statement.*

Balance Sheets and Revenue Statement Information

The following tables show (i) the audited balances of the District's General Fund, (ii) the District's audited General Fund revenues, expenditures and changes in fund balance, and (iii) balances for the other major governmental funds of the District having significant balances or activities during fiscal year 2018, for the District's past five Fiscal Years, each ended June 30. The General Fund does not include either proceeds of District bonds or amounts used to pay debt service on such bonds.

FAIR OAKS RECREATION AND PARK DISTRICT
Audited General Fund Balance Sheets
Fiscal Years 2013-14 through 2017-18

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
GENERAL FUND ASSETS:					
Cash and Investments	$1,492,710	$1,656,129	$1,735,346	$1,887,095	$1,263,960
Interest receivable	--	--	--	--	6,506
Due from other government	759	2,607	5,416	5,757	--
Prepaid costs	--	--	--	--	37,254
TOTAL GENERAL FUND ASSETS:	1,493,469	1,658,736	1,740,762	1,892,852	1,307,720
GENERAL FUND LIABILITIES AND BALANCES:					
Liabilities:					
Accounts payable	69,304	123,904	67,040	93,786	514,461
Accrued payable	45,988	45,638	44,674	57,312	62,021
Deposits	38,537	44,797	52,792	57,683	--
Compensated absences	637,315	63,315	63,315	63,315	--
Unearned revenue	--	--	--	--	117,918
Total liabilities:	217,144	277,654	227,821	272,096	694,400
Fund Balances:					
Nonspendable	--	--	--	--	37,254
Restricted	63,133	63,133	62,284	61,672	75,240
Assigned	--	--	--	--	--
Unassigned	1,213,192	1,317,949	1,450,657	1,559,084	500,826
Total balances:	1,276,325	1,381,082	1,512,941	1,620,756	613,320
TOTAL GENERAL FUND LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:	$1,493,469	$1,658,736	$1,740,762	$1,892,852	$1,307,720

Source: Fair Oaks Recreation and Park District Comprehensive Annual Financial Reports.

FAIR OAKS RECREATION AND PARK DISTRICT
Audited General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2013-14 through 2017-18

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
REVENUES:					
Property taxes	$1,343,523	$1,426,315	$1,516,159	$1,573,883	1,687,286
Charges for current services	476,068	454,791	504,409	491,906	502,617
Special Assessments	--	--	--	--	--
Use of money and property	162,057	174,361	179,855	223,552	201,768
Park impact fees	--	--	--	--	--
Other revenues	2,830	41,724	16,254	42,146	27,392
Total Revenues:	1,984,478	2,097,191	2,216,677	2,331,487	2,419,063
EXPENDITURES:					
Salaries and benefits	1,357,041	1,398,226	1,366,494	1,416,984	1,754,688
Services and supplies	1,023,159	1,035,240	1,247,079	1,211,114	1,215,813
Capital outlay	118,851	232,542	--	106,000	967,027 (1)
Total Expenditures:	2,499,051	2,666,008	2,613,573	2,734,098	3,937,528
Excess (Deficit) of Revenues Over (Under) Expenditures	(514,573)	(568,817)	(396,896)	(402,611)	(1,518,465)
Other Financing Sources					
Operating transfers in	500,870	673,574	528,755	510,426	745,218
Operating transfers out	--	--	--	--	--
Total other financing sources (uses)	500,870	673,574	528,755	510,426	745,218
Fund Balance Beginning of Year, as restated	1,290,028	1,276,325	1,381,082	1,512,941	1,386,567
Fund Balance Ending of Year	$1,276,325	$1,381,082	$1,512,941	$1,620,756	$613,320

(1) Represents various one-time capital expenditures to make improvements in the District.
Source: Fair Oaks Recreation and Park District Comprehensive Annual Financial Reports.

Employee Relations

The District employs 16 full-time and 19 part-time staff (with another 5 to 8 employees during the summer). There is no union representation for the District.

Employee Benefits; Pension Obligations

*This caption contains certain information relating to California Public Employees' Retirement System ("**CalPERS**"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The District has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.*

The comprehensive annual financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference in this Official Statement. None of the District, County or Underwriter can guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

GASB Statement No. 68. In June 2012, the GASB adopted new standards (GASB Statement No. 68, or "**GASB 68**") with respect to accounting and financial reporting by state and local government employers for defined benefit pension plans. The new standards revise the accounting treatment of defined benefit pension plans, changing the way expenses and liabilities are calculated and how state and local government employers report those expenses and liabilities in their financial statements. Major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities were typically included as notes to the government's financial statements); (ii) pension expense incorporates more rapid recognition of actuarial experience and investment returns and is no longer based on the employer's actual contribution amounts; (iii) lower actuarial discount rates that are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities that are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns to will be recognized over a closed five-year smoothing period. The reporting requirements took effect in fiscal year 2014-15. Based on the adoption of the new accounting standards, beginning with the fiscal year 2014-15 actuarial valuation, the annual required contribution and the annual pension expense will be different. GASB 68 is a change in accounting reporting and disclosure requirements, but it does not change the District's pension plan funding obligations.

Information shown in this section that has been sourced from a CalPERS Actuarial Valuation Report has not been prepared in accordance with GASB 68. For a presentation of additional information that is required by GASB 68, see Note 7 to the District's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, which is attached as APPENDIX B.

Plan Description. All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). The District has the following cost-sharing rate plans:

- Miscellaneous Plan
- PEPRA Miscellaneous Plan

Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

DEFINED BENEFIT PENSION PLAN PROVISIONS AND BENEFITS
Fair Oaks Recreation and Park District

Hire Date	Miscellaneous Plan (prior to January 1, 2013)
Benefit Formula (at full retirement)	2.0%@55
Benefit vesting schedule	5 years service
Benefit Payments	monthly for life
Retirement Age	50-63
Monthly Benefits, as a % of eligible compensation	1.092% to 2.418%
Required employee contribution rates	7.000%
Required employer contribution rates	8.921%

Source: Fair Oaks Recreation and Park District Audit Report.

Hire Date	Miscellaneous Plan (on or after January 1, 2013)
Benefit Formula (at full retirement)	2.0%@62
Benefit vesting schedule	5 years service
Benefit Payments	monthly for life
Retirement Age	52-67
Monthly Benefits, as a % of eligible compensation	1.0% to 2.5%
Required employee contribution rates	6.250%
Required employer contribution rates	6.533%

Source: Fair Oaks Recreation and Park District Audit Report.

In addition to the contribution rates above, the District was also required to make payments of $37,254 toward its unfunded actuarial liability during the year ended June 30, 2018. The Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2018, the employer contribution to the Plan (all rate plans combined) were $100,327, including the contribution for the employers unfunded accrual liability.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. As of June 30, 2018, the District reported a net pension liability for its proportionate share of the net pension liability of $854,527.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 201 7 was as follows:

	Miscellaneous Plan
Proportion-June 30, 2017	0.02014%
Proportion-June 30, 2018	0.02168%
Change-Increase (Decrease)	0.00154%

Source: Fair Oaks Recreation and Park District Audit Report.

For the year ended June 30, 2018, the District recognized pension expense of $197,270. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan combined from the following sources:

	Deferred Outflows of Resources
Pension contributions subsequent to measurement date	$100,327
Change in assumptions	181,520
Net difference between projected and actual earnings on plan investments	41,052
Difference between actual and allocated contributions	--
Difference between expected and actual experience	1,463
Adjustment due to differences in proportions	28,402
Total	$352,764

Source: Fair Oaks Recreation and Park District Audit Report.

	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	--
Change in assumptions	$13,841

Net difference between projected and actual earnings on plan investments	--
Difference between actual and allocated contributions	71,025
Difference between expected and actual experience	20,960
Adjustment due to differences in proportions	31,930
Total	$137,756

Source: Fair Oaks Recreation and Park District Audit Report.

The $100,327 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	Amount
2019	$(10,868)
2020	94,438
2021	55,485
2022	(24,374)
TOTAL	114,681

Source: Fair Oaks Recreation and Park District Audit Report.

Actuarial Assumptions. The District's total pension liabilities in the actuarial valuation for the Plan was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement. The entry-age normal cost method was used, a discount rate of 7.15%, inflation of 2.75%, payroll growth of 3.0%, and projected salary increases of 3.3%- 14.2% (depending on entry age and service). Mortality rates were derived using CalPERS membership data for all funds. The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an April 2014 actuarial experience study for the period 1997 to 2011. Further details of the experience study can be found on the CalPERS website.

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15% investment return assumption used in this accounting valuation is gross of administrative expenses. Administrative expenses are assumed to be 15 basis points.

In fiscal year 2016-2017, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7 .15 percent. Deferred outflows of resources for changes of assumptions represent the unamortized portion of this assumption change.

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, 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 the 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 longterm returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1-10(1)	Real Return Years 11+(2)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0	0.80	2.27
Inflation Sensitive	6.0	0.60	1.39
Private Equity	12.0	6.60	6.63
Real Estate	11.0	2.80	5.21
Infrastructure and Forestland	3.0	3.90	5.56
Liquidity	2.0	(0.40)	(0.90)
TOTAL	100.0%		

(1) An expected inflation of 2.5% used for this period.
(2) An expected inflation of 3.0% used for this period.
Source: Fair Oaks Recreation and Park District Audit Report.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, 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 one percentage point lower or one percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	1,452,869
Current Discount Rate	7.15%
Net Pension Liability	$854,527
1% Increase	8.15%
Net Pension Liability	$358,969

Source: Fair Oaks Recreation and Park District Audit Report.

Recent Actions Taken by CalPERS. At its April 17, 2013, meeting, CalPERS' Board of Administration (the "**Board of Administration**") approved a recommendation to change the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy that spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a 20-year period with a five-year ramp-up, and five-year ramp-down, period. The new amortization and smoothing policy was used for the first time in the June 30, 2013, actuarial valuations in setting employer contribution rates for fiscal year 2015-16.

On February 18, 2014, the Board of Administration approved new demographic actuarial assumptions based on a 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. The Board of Administration also assumed earlier retirements for Police 3% at age 50, Fire 3% at age 55, and Miscellaneous 2.7% at age 55 and 3% at age 60, which will increase costs for those groups. As a result of these changes, rates will increase beginning in fiscal year 2016-17 (based on the June 30, 2014 valuation) with full impact in fiscal year 2020-21.

On November 18, 2015, the Board of Administration 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. The policy establishes a mechanism to reduce the discount rate by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the existing discount rate, currently 7.5%, by at least four percentage points. CalPERS staff modeling anticipates the policy will result in a lowering of the discount rate to 6.5% in about 21 years, improve funding levels gradually over time and cut risk in the pension system by lowering the volatility of investment returns. More information about the funding risk mitigation policy can be accessed through CalPERS' web site at the following website address: https://www.calpers.ca.gov/page/newsroom/calpers-news/2015/adopts-funding-risk-mitigation-policy. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the District or Underwriter, and is not incorporated in this Official Statement by reference.*

On December 21, 2016, the CalPERS Board voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

Fiscal Year	Discount Rate
2017-18	7.375%
2018-19	7.250
2019-20	7.000

However, on February 13, 2018, the Board of Administration voted to shorten the period over which PERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2019 actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain a level dollar amount throughout the amortization period, and certain 5-year ramp-up and ramp-down periods will be eliminated. As a result of the shorter amortization period, the contributions required to be made by employers may increase beginning in fiscal year 2020-21.

Other Post-Employment Retirement Benefits

Plan Description. The District's governing board administers the Post-Employment Benefits Plan (the "**Plan**"). For employees hired before March 1, 2010, the District pays 100% of the medical premium for the retiree and any dependents up to a cap varying by coverage level. The cap is the average of the six CalPERS medical plans available to the District employees and is set annually by the Board, in 2017 $774.55 (single coverage), $1,549.25 (two party coverage) and $2,014.02 (family coverage).

Employees hired on/after March 1, 2010 are covered by the PEMHCA Vesting resolution. This resolution provides that the District pays 100% of the premium for retirees and dependents up to but not exceeding the maximum benefits provided by the "100/90" formula multiplied by the vesting percent, based on the retiree's years of CalPERS membership. The maximum monthly benefits payable in calendar year 2017 under the 100/90 formula are: $707 (single coverage), $1,349 (two party) and $1,727 (family). Membership of the Plan consists of 6 retirees and beneficiaries currently receiving benefits and 17 active plan members.

The Plan does not issue separate financial statements. No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Contributions. The contribution requirements of Plan members and the District are established and may be amended by the District's Board of Directors subject to the District's Memorandums of Understanding with bargaining units. The required contribution is based on actual retiree health insurance premium stipend required under the Plan. For the year ended June 30, 2018, the District contributed $34,861 to the Plan through pay-as-you-go health insurance benefit payments on behalf of Plan members. Plan members did not make any contributions to the Plan. The District does not contribute to a trust fund on behalf of employees.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability of $2,187,177 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: discount rate 3.13%, inflation 2.75%, aggregate salary increase 3.25%, and healthcare cost trend rates 8.50% decreasing to 5.00% for years after 2025. Mortality rates and pre-retirement were derived using CalPERS membership data. The discount rate was based on the average of three 20-year municipal bond rate indices: The S&P Municipal Bond 20 Year High Grade Rate Index. 100% of future employees are assumed to elect coverage. 75% of future retirees are assumed to elect to cover their spouse in their medical plan coverage and 30% are assumed to cover dependents other than a spouse under age 62.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2018, is shown in the following table:

CHANGES IN TOTAL OPEB LIABILITY
Fair Oaks Recreation and Park District

	Total OPEB Liability
Balance at June 30, 2017	$2,164,316
Service Cost	269,694
Interest	60,090
Changes of Assumptions	(265,381)
Benefit payments	(41,542)
Net changes	22,861
Balance at June 30, 2018	$2,187,177

Source: Fair Oaks Recreation and Park District Audit Report.

OPEB Expense. For the year ended June 30, 2018, the District recognized an OPEB expense of $286,207.

See Note 8 to the District's most recent audited financial statements, attached as APPENDIX B to the Official Statement, for additional information about the District's OPEB plan.

Long-Term Debt

Prior to the issuance of the Bonds, the District does not have any outstanding long-term indebtedness.

Risk Management

The District is exposed to various risk of losses related to torts, theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is self-insured for comprehensive liability coverage as a member of the California Association for Park and Recreation Insurance ("**CAPRI**"). CAPRI is a public agency risk pool created pursuant to a joint powers agreement between the numerous member Districts. CAPRI manages on pool for all member agencies. Each member pays an annual premium to the system based on numerous factors including the number of personnel, types and values of assets held, and an experience factor. CAPRI reinsures through a commercial carrier for claims in excess of $1,000,000 for each insured event. Coverage provided under CAPRI is as follows:

Workers' compensation coverage with $50,000,000 including $350,000 CAPRI coverage per occurrence for workers' compensation, limited to $5,000,000 for employee liability.

Comprehensive general liability coverage with a $25,000,000, including $1,000,000 CAPRI self-insured limit per occurrence for personal injury and property damage to which the coverage applies. There is not deductible to the District.

Public officials and employee liability coverage with a $10,000,000 annual aggregate limit per member district because of a wrongful act which occurs during the coverage period for which the coverage applies. There is a $20,000 deductible for any covered claim for wrongful termination payable by the District.

All-risks property loss coverage including Boiler & Machinery coverage, is subject to a $2,000 deductible per occurrence payable by the District.

Flood and earthquake coverage with annual aggregate limit of $5,000,000 for all the member districts. The deductible for all loss or damage arising from the risks of flood and/or earthquake is $50,000 per occurrence or 5% of the value of the building, contents, and/or structure damaged, whichever is greater.

Theft and employee dishonesty coverage with a limit of $1,000,000 and a deductible of up to $15,000 per occurrence.

See Note 9 to the District's most recent audited financial statements, attached as APPENDIX B to the Official Statement, for additional information about the District's risk management practices.

Investment of District Funds

At June 30, 2018 the District's total cash and investments were as follows:

CASH AND INVESTMENTS
Fair Oaks Recreation and Park District

Imprest cash	$1,000
Deposits in financial institutions	37,391
Cash and investments with the County Treasurer	3,040,268
Total	$3,078,659

Source: Fair Oaks Recreation and Park District Audit Report.

Investment Policy. California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The District complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investment in the County of Sacramento Investment Pool. The District's cash is held in the County of Sacramento's cash and investment pool which is managed by the Sacramento County Treasurer. The District's cash balances invested in the Sacramento County Treasurer's cash and investment pool are stated at amortized cost, which approximates fair value. The amount invested by all public agencies in Sacramento County's cash and investment pool is $4,029,757,939 at June 30, 2018. Sacramento County does not invest in any derivative financial products. The Sacramento County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Sacramento County's cash and investment pool. The Committee consists of ten members as designated by State law. The value of pool shares in Sacramento County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. Investments held in the County's investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment in the County pool has an average maturity of 309 days as of June 30, 2018.

Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's external investment pool is not rated.

Concentration of Credit Risk. The investment policy of the District limits the amount that can be invested by any one issuer to the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total District investments.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Custodial credit risk does not apply to a local government's indirect deposits or investments in securities with governmental investment pools (such as the County of Sacramento investment pool). The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Custodial credit risk does not apply to a local government's indirect deposits or investments in securities through the use of government investment pools.

At June 30, 2018, the carrying amounts of the District's deposits were $37,391, and the balances in financial institutions were $32,890, all of which was covered by federal depository insurance.

See Note 2 to the District’s most recent audited financial statements, attached as APPENDIX B to the Official Statement, for additional information about the District’s investments.

RISKS AFFECTING THE DISTRICT

The information in this section concerning risks affecting the District and its ability to pay the principal of or interest on the Bonds 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 or the County. The Bonds are payable solely from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and Constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the Official Statement.

The following discussion is not an exhaustive listing of risk factors and other considerations which may be relevant to the District, and the order in which risks are presented and organized here is not intended to reflect the relative importance of such risks. There can be no assurance that other risk factors will not become evident at any future time.

Risk Factors Relating to Property Tax and Other Revenues

The financial condition of the District is subject to risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and interest with respect to the Bonds. Such risk factors include, but are not limited to, the following matters.

Assessed Value of Taxable Property; Delinquent Payment of Property Taxes. Natural and economic forces can affect the assessed value of taxable property within the District. The District is located in a seismically active region, and damage from an earthquake in or near the area could cause moderate to extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, toxic dumping, coastal erosion or acts of terrorism, as described below, could cause a reduction in the assessed value of taxable property within the District. Economic and market forces, such as a downturn in the regional economy generally, can also affect assessed values. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Levy and Collection. The District does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the District's property tax revenues, and accordingly, could have an adverse impact on the ability of the District to pay debt service on the Bonds. Likewise, delinquencies in the payment of property taxes could adversely impact the payment of principal of and interest with respect to the Bonds.

Reduction in Inflationary Rate. Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation in the following Fiscal Years: 1983-84 (1.010%); 1995-96 (1.194%); 1996-97 (1.115%);

1999-00 (1.853%); 2004-05 (1.867%); 2010-11 (0.998%); 2011-12 (1.008%); and 2012-13 (1.02%). More information about inflationary assessed value adjustments can be accessed through the California State Board of Equalization's website, under the Final CCPI Announcement posted on the "Letters to Assessors" webpage for each year, at http://www.boe.ca.gov/proptaxes/ltacont.htm. *The reference to this internet website is shown for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the District and is not incorporated in this Official Statement by reference.*

The District is unable to predict if any adjustments to the full cash value base of real property within the District, whether an increase or a reduction, will be realized in the future.

<u>Appeals of Assessed Values; Delinquencies</u>. Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for taxes.

No assurance can be given that property tax appeals in the future will not significantly reduce the District's property tax revenues. There are two types of appeals of assessed values that could adversely impact property tax revenues:

> *Proposition 8 Appeals*. Most of the appeals that might be filed in the District would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the 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.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate 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. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

The County Assessor may also unilaterally reduce assessed values under Proposition 8.

> *Base Year Appeals*. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their 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 completion date of new construction or the date of change of ownership determines the base year. Any base year appeal must be made within four years of the change of ownership or new construction date.

Decreases in the aggregate value of taxable property within the District resulting from natural disaster, reclassification by ownership or use, or as a result of the operation Proposition 8 all may adversely impact the payment of principal of and interest with respect to certain of the District's Long-Term Obligations.

In addition, failure by large property owners to pay property taxes when due may also negatively impact the payment of principal of and interest with respect to certain of the District's Long-Term Obligations.

See "- Natural Calamities" below.

Property Tax Allocation by the State; Changes in Law. The responsibility for allocating general property taxes was assigned to the State by Proposition 13, which stated that property taxes were to be allocated "according to law." The formula for such allocation was contained in Assembly Bill 8 ("**AB 8**"), adopted in 1978, which allocates property taxes among cities, counties, and school districts. The formulas contained in AB 8 were designed to allocate property taxes in proportion to the share of property taxes received by a local entity prior to Proposition 13.

Beginning in its Fiscal Year ending June 30, 1993, in response to its own budgetary shortfalls, the State began to permanently redirect billions of dollars of property taxes Statewide from cities, counties, and certain special districts to schools and community college districts. These redirected funds reduced the State's funding obligation for K-14 school districts by a commensurate amount. In response, Proposition 1A of 2004, approved by State voters in November 2004 and generally effective in Fiscal Year ending June 30, 2007, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain limitations. However, pursuant to Proposition 1A and beginning in Fiscal Year ending June 30, 2009, the State could, upon gubernatorial proclamation of fiscal hardship and following approval of two-thirds of both houses of the legislature, and it did, shift to schools and community colleges up to 8% of local government *ad valorem* property tax revenues, which amount must be repaid, with interest, within three years. The State could also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. In November 2010, State voters approved Proposition 22, which amends the State's constitution to eliminate the State's authority to temporarily shift additional *ad valorem* property taxes from cities, counties and special districts to schools, among other things.

No assurance can be given that the State, the County, or other electorate bodies affecting the District will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State in a manner that could result in a reduction of the District's property tax allocations and thus negatively impact the payment of principal of and interest with respect to certain of the District's Long-Term Obligations. However, the District does not believe that any such initiative or legislation will adversely affect the District's ability to pay debt service on the Bonds or the other general obligation bonds issued pursuant to the Bond Authorization.

Natural Calamities. The District is subject to natural calamities, including, but not limited to, earthquake, flood, wildfire, tsunami, or pipeline incident, that may adversely affect economic activity in the District, and which could have a negative impact on District finances. In recent years, a number of large wildfires have caused the damage and destruction of a significant amount of property in 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.

Although the recent natural disasters do not include territory within the District's boundaries, the District cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides 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. The District cannot predict or make any representations regarding the effects that 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.

There can be no assurance that the occurrence of any natural calamity would not cause substantial interference to and costs for the District.

Hazardous Substances. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "**CERCLA**" or the "**Superfund Act**" is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has created or handled the hazardous substance.

The effect, therefore, should any substantial amount of property within the District be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of, and any liability incurred by, remedying the condition, since the purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Reduction in the assessed valuation of property in the District as a whole could thereby reduce *ad valorem* property tax amounts received by the District.

The District conducts reasonable due diligence regarding the existence of hazardous substances on its properties at the time of their acquisition. Before the District acquires any new real property of any size, its staff conducts a Phase 1, basic assessment of the property. For large tracts of real property acquired, staff conducts more in-depth assessment, including, but not limited to, taking and analyzing soil samples, and staff further requires all identified measures to ameliorate the hazard to be completed before closing the escrow for such acquisition transaction.

Risks Affecting the District, Generally

Proposition 218. See "- CONSTITUTIONAL AND STATUTORY LIMITATIONS ON DISTRICT TAX REVENUES AND APPROPRIATIONS – Article XIIIC and Article XIIID of the California Constitution," for information about certain risks to the District's General Fund revenues under Articles XIIIC and Article XIIID of the California Constitution.

Litigation. The District may be or become a party to litigation that has an impact on the District's General Fund. Although the District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents (see "-DISTRICT FINANCIAL INFORMATION, Risk Management," above, for further information), the District cannot predict what types of liabilities may arise in the future. See also "CONCLUDING INFORMATION – Litigation."

State Law Limitations on Appropriations. Article XIIIB of the California Constitution limits the amount that local governments can appropriate annually. The ability of the District to make debt service payments on certain of the District's Long-Term Obligations may be affected if the District should exceed its appropriations limit. The State may increase the appropriation limit of cities in the State by decreasing the State's own appropriation limit. The District does not anticipate exceeding its appropriations limit. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON DISTRICT TAX REVENUES AND APPROPRIATIONS – Article XIIIB of the State Constitution" below.

Impact of State Budget on the District. The District cannot predict what actions will be taken in the future by the California State Legislature and the Governor to deal with changing State revenues and expenditures. It is anticipated that there could be additional future legislation that addresses State budget shortfalls. The District cannot predict what measures may be proposed or implemented for the current Fiscal Year or in the future and the impact, if any, of actions by the State affecting special districts. Given the magnitude of the State's budgetary deficits from time to time, it is possible that future legislation will impact revenues of special districts such as the District. Budgetary developments at the State level would most likely adversely affect local governments, possibly including 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 budgets.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON DISTRICT TAX 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, 187 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.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the Refunded Bonds), and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. 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.

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 State Board of Equalization 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 State Board of Equalization (**"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

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 Lease Payments and therefore debt service on the Notes.

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.

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 provisions 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.

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 22 and 111 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2018

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FAIR OAKS
RECREATION AND PARK DISTRICT

Audited Financial Statements

June 30, 2018

FAIR OAKS
RECREATION AND PARK DISTRICT

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RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fair Oaks Recreation and Park District
Fair Oaks, California

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinions

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

Change in Accounting Principle

As discussed in Note 12 to the financial statements, during the year ended June 30, 2018, the District adopted a new accounting standard, GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Correction of Errors

As discussed in Note 12, correction of errors were made during the current year. Accordingly, adjustments have been made to Net Position and General Fund Balance as of July 1, 2017 to correct these errors.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the net pension liability and related ratios, schedule of contributions to the pension plan, and schedule of changes in the net OPEB liability and related ratios on pages 3-10 and 37-40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Richardson & Company, LLP

March 20, 2019

FAIR OAKS RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2018

This section of the Fair Oaks Recreation and Park District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2018. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2017-2018

- The assets of the District exceeded liabilities at the close of the 2017-2018 fiscal year by $3,828,940 (net position). Of this amount, $1,730,036 is invested in capital assets, and $1,903,258 is restricted for particular purposes.
- As of June 30, 2018, the District's governmental funds reported combined fund balances of $2,441,338, of which $500,826 is available to meet the District's current and future needs (unreserved general fund balance).
- At the end of the fiscal year, the unreserved fund balance for the general fund was $500,826 or approximately 13% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: government–wide financial statements, fund financial statements, and notes to the financial statements. This report also includes additional required supplementary information in addition to the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

Government-Wide Financial Statements are designed to provide readers with a broad overview of District finances in a manner similar to a private-sector business.

The Statement of Net Position includes information on the District's assets and liabilities and provide information about the nature and amount of investments in resources (assets) and the obligations to District creditors (liabilities). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business type activities). The governmental activities of the District are recreational and park activities. There are no business type activities.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and to demonstrate finance-related legal compliance. All of the funds of the District can be combined into one category: *governmental funds*.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities. Additional information is provided on separate schedules that reconcile the differences between the government-wide financial statements and the fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the District's budgetary comparative information for the general fund and major special revenue fund and the District's pension and post-employment benefit plans.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table compares the Statement of Net Position/Fund Balance at June 30, 2018 and June 30, 2017:

Condensed Statement of Net Position
Fiscal Years
Ended June 30, 2018 and 2017

	2018	2017
Current and other assets	$ 3,135,738	$ 3,464,744
Capital assets – net	4,525,955	3,797,168
Total assets	7,661,693	7,261,912
Deferred outflows	403,647	235,947
Liabilities		
Current	781,392	272,287
Non-current	3,088,546	2,579,557
Total liabilities	3,869,938	2,851,844
Deferred inflows	366,462	54,682
Net Position:		
Net investment in capital assets	4,525,955	3,797,168
Restricted	1,903,258	1,545,871
Unrestricted	(2,600,273)	(751,706)
Total Net Position	$ 3,828,940	$ 4,591,333

Total net position decreased from 2017 to 2018 by 17% or $762,393. This decrease is due mostly to the implementation of GASB 75 whereby the full amount of the liability for post-employment benefits (OPEB) has been recorded. The OPEB liability and related deferred inflows and outflows lowered net position by $535,970 from June 30, 2017 to June 30, 2018.

A summary of the District's Statement of Activities, recapping the District's revenues earned during the fiscal year ended June 30, 2018 and 2017, and the expenses incurred is as follows:

Condensed Statement of Activities
Fiscal Years
Ended June 30, 2018 and 2017

	2018	2017
Program Revenue:		
Charges for services	$ 692,774	$ 699,580
Capital contributions	415,816	501,707
General Revenue:		
Property taxes and assessments	2,247,718	2,098,359
Interest earnings	36,898	27,971
Miscellaneous	27,392	42,146
Total Revenue	3,420,598	3,369,763
Expenses:		
Recreation and park activities	3,655,058	3,343,653
Total Expense	3,655,058	3,343,653
Changes in Net Position	(234,460)	26,110
Beginning Net Position	4,591,333	4,565,223
Restatement	(527,933)	
Ending Net Position	$ 3,828,940	$ 4,591,333

Following are explanations of significant variances from fiscal year 2017 to 2018.

- Revenues increased by $50,835 between 2017 and 2018. This increase was due mostly to the increase in property taxes and assessments, offset by a reduction in impact fees collected. The reduction in charges for services is due to a change in revenue recognition for registration fees whereby revenue received in advance is deferred until the event takes place.

- Expenses increased by $248,090, mostly due to increased salary and benefit costs.

- The restatement of $527,933 also reduced net position and was the result of implementation of GASB 75, and double counting of May and June 2017 registration fees and deferred registration fees received in advance as of June 30, 2017 that were corrected, as discussed in Note 12 of the footnotes to the financial statements.

Financial Analysis of the Governmental Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements. The governmental funds provide information on near-term inflows, outflows and balances of spending resources. Total governmental fund balance at June 30, 2018 was $2,441,338 which is a decrease of $751,119 in comparison with FY 2017.

The following table shows the fund balance by classifications for the last two years.

	Year ended June 30,	
Fund Balance	2018	2017
General Fund	$ 613,320	$ 1,620,756
Fair Oaks L&L Assessment District	59,237	50,254
Impact Fees	1,524,894	1,192,745
Phoenix Field L&L Assessment District	11,214	10,168
Gum Ranch L&L Assessment District	27,531	27,080
Developer In-Lieu Fees	205,142	291,454
Total fund balances	$ 2,441,338	$ 3,192,457

Significant changes in fund balances by classification consist of the following.

- General Fund: The fund balance decreased by 62 percent or $1,007,436 in FY 2018. The District's expenses were higher than fiscal year 2017 as a result of the land purchase and clubhouse reroofing project, as well as increased salary and benefit costs. Fund balance was also reduced by $170,874 to correct prior year revenue recording and other items as discussed in Note 12 of the financial statements.
- Impact Fees Fund: Fund balance in the impact fees fund increased by $332,149 or 28% as a result of fees received on a new development.

CAPITAL ASSETS

As of June 30, 2018, the District's investment in capital assets totaled $4,525,955, net of accumulated depreciation, which increased by $728,787 from 2017. The investment in capital assets includes land, site improvements, buildings and improvements and equipment. Increases during the year includes costs of reroofing the clubhouse of $353,721 and land purchase of $264,608. The capital assets are presented in the government-wide statement of net position. Additional information on the District's capital assets can be found in Note 4 to the financial statements.

LONG-TERM DEBT

As of June 30, 2018, the District had no long-term debt. Note 5 discusses the District's long-term obligations, which consist of compensated absences, net pension liability and OPEB liability.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's property tax receipts were $60,294 more than budgeted for the fiscal year, and $113,403 more than collected in the prior fiscal year which is primarily due to increasing property values.

Several accomplishments warrant mention for FY 17/18:

Fair Oaks Preschool:

- In January 2017, the District implemented ePACT Network Emergency Software for HIPPA compliant tracking of required documents for Summer Camp and the Fair Oaks Preschool. In 2018, the District was featured in a Case Study done by ePACT. The study covered the implementation process, the benefits of the program for the District, and the staff time savings. The program continued to be a huge success and expanded from the summer camp and preschool programs to the winter and spring break camps.

- The Fair Oaks Preschool began using Bloomz for Schools communication. The site allows parents and teachers to communicate in real time via instant messaging and class postings. The families can share class event photos, sign-up for in-class work days, and have access to all important school information and notifications at their fingertips. The application can be used on a desktop, phone, or tablet and has proven to be very helpful to the school communication.

- Finalizing a much needed overhaul of the play space in the District's very own preschool, the Parks team installed several pieces of sensory play equipment designed to stimulate the minds and creativity of the youth of the Fair Oaks Preschool. The children now have an opportunity to learn the basic principles of musical performance while recreating in a safe, active and positive setting.

Fair Oaks Youth Advisory Board (FOYAB):

- In February 2018, the Fair Oaks Youth Advisory Board (FOYAB) was nominated by Chelsey Adams, Advisor, for the California Park and Recreation Society (CRPS) District 2 Champion of the Community Award. The award specified that the group being nominated had to show connection to the community they are from and the impact they have made. Chelsey highlighted the events put on by FOYAB, their work on supporting and purchasing automatic sunscreen dispensers for district events, and their continued role as the youth voice in the Fair Oaks community. FOYAB received the award at the Annual CPRS District 2 Awards & Installation Banquet on February 15, 2018.

- The Fair Oaks Youth Advisory Board (FOYAB) assisted in the passing of the Smoke, Vape, & Tobacco Free Parks Policy. The members held formal meetings to discuss their role and impact on the community. They voted in support of the policy, to purchase the first round of signage up to $500, planned clean-up days to show the first year impact, and assisted in the education aspect. In November 2018, FOYAB was recognized by the Sacramento County Tobacco Control Coalition for their efforts and support of passing such a policy as a youth organization.

Special Events:

- To help showcase our brand new Fair Oaks Bike Park the concept of the Kids Bike Race was born. Kids of all skill abilities came out and raced around our course full of twists, turns, and obstacles. Smiles were had by all participants as they crossed the finish line inside the bike park and received their race participant medals.

- The Fair Oaks Chicken Festival had another successful year with new sponsor Imagine Real Estate, returning sponsors SMUD, Central Valley Community Bank, Scooter's Coffee, Raley's, and Oak Leaf Dental, and trades and partnerships with, K-LOVE 99.5, Wendy Jenkins, SactoMoFo, Fair Oaks/Orangevale Grange #354, Clean and Sober Transitional Living, Fair Oaks Rotary Club Foundations, and Fair Oaks Host Lions Club. The new addition and highlight of the 2018 Chicken Festival event was the Hydration Station sponsored by Raley's.

- In continuing with tradition, the July Movies in the Park event has always included a themed special feature that is followed by the screening of a movie. In 2018 the theme was kindness paired with the movie "Wonder." Various nonprofits, businesses, and community groups helped at the "kindness stations" where attendees were able to participate in a hands on activity to help spread kindness.

Sports:

- The District called upon the community's youth to go through a series of ninja based trainings and challenges to help protect the community from evil. The kids learned the way of the ninja by punching, kicking, climbing, tumbling and crawling over a 4 week program. Upon completion all ninja trainees were awarded the official ninja headband of the Fair Oaks Recreation & Park District. You can never have too many ninjas on your side

- The District kicked off the opening of the Fair Oaks Bike Park (Phoenix Park) with an event that brought the community out to enjoy finger foods, light refreshments and enlightenments from staff, Director Delinda Tamagni, bike park sponsors, and the American Ramp Company. Oh, and of course bike riding commenced after the ribbon cutting!

Senior Services:

The Active Adult Program is finishing its first year. We started small with about 2-3 participants, however we now have a small core group of 8-10 participants who come on a regular basis. As we look into the future to grow the program, we will look to this group not only for feedback, but also to help promote the program. In October we hired Joe who is running the activities on a weekly basis. Joe has been a huge hit with both the staff and the seniors. Joe's passion for the program is outstanding and has already begun to draw in new participants.

The District made facility and operational improvements as well, including:

- **Planting of 100 Trees at Phoenix Park** - In the interest of growing the urban forest of Fair Oaks and being mindful and effective stewards of the area's trees, Fair Oaks Recreation & Park District, in conjunction with Fair Oaks Rotary, the Fair Oaks Water District and other community groups, planted one hundred trees throughout Phoenix Park.

- **Installation of Electronic Marquee –** Fair Oaks Recreation & Park District erected a new electronic marquee in Fair Oaks Park in order to enhance the branding and marketability of Fair Oaks Recreation & Park District while at the same time providing an accessible way for the public to remain informed of events within the district.

- **Community Clubhouse Re-Roof –** The District's largest facility, the Community Clubhouse, got an exciting and much-needed update with a new roof. The color and style help the facility blend in better with other Village buildings and will keep users dry in the winter!.

- **Measure J –** The District was successful in passing a $26.7 million general obligation bond to fund new and updated amenities for the residents of Fair Oaks.

The District continued to implement the ten year master plan for District facilities, programs and parks through the areas of land acquisition, recreation facilities, recreation program services, operations, partnerships, and financing as noted above.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Beginning with FY 09/10, property tax collections began to decrease each year due to the decline in market value and Proposition 8 temporary reductions. Property tax revenues are the District's primary funding source, and the District's FY 17/18 budget included a 6% increase for property tax revenues. The increase was anticipated due to Proposition 8 assessments and increasing property values generally that were temporary reductions. An increase of 4.5% was budgeted for FY 18/19.

This financial report is designed to provide the District's residents and other interested parties with an overview of the District's financial conditions and operations. Should the reader have questions, please contact the Fair Oaks Recreation and Park District Administrator at 4150 Temescal St., Fair Oaks, CA 95628.

BASIC FINANCIAL STATEMENTS

FAIR OAKS RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION

June 30, 2018

ASSETS	
Cash and investments	$ 3,078,659
Interest receivable	19,825
Prepaid costs	37,254
Capital assets:	
Nondepreciable	2,296,817
Depreciable, net	2,229,138
TOTAL ASSETS	7,661,693
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	352,764
OPEB	50,883
	403,647
LIABILITIES	
Accounts payable	514,461
Accrued payroll	62,021
Unearned revenue	117,918
Compensated absences - current	86,992
Due in more than one year:	
Compensated absences	46,842
Net pension liability	854,527
Post-employment benefits	2,187,177
TOTAL LIABILITIES	3,869,938
DEFERRED INFLOWS OF RESOURCES	
Pensions	137,756
OPEB	228,706
	366,462
NET POSITION	
Net investment in capital assets	4,525,955
Restricted for:	
Capital facilities and improvements	1,730,036
Assessment district maintenance and improvements	97,982
ADA improvements	49,851
Foundation activities	25,389
Unrestricted	(2,600,273)
NET POSITION	$ 3,828,940

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

FAIR OAKS RECREATION AND PARK DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Change in Net Position
GOVERNMENTAL ACTIVITIES:					
Parks and recreation	$3,655,058	$ 692,774	$ -	$ 415,816	$ (2,546,468)
TOTAL GOVERNMENTAL ACTIVITIES	$3,655,058	$ 692,774	$ -	$ 415,816	(2,546,468)

GENERAL REVENUES	
Property taxes	1,687,286
Special assessments	560,432
Interest earnings	36,898
Other revenues	27,392
TOTAL GENERAL REVENUES	2,312,008
Change in net position	(234,460)
Net position at beginning of year, as previously reported	4,591,333
Restatements - Note 12	(527,933)
Net position at beginning of year, as restated	4,063,400
NET POSITION AT END OF FISCAL YEAR	$ 3,828,940

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

FAIR OAKS RECREATION AND PARK DISTRICT

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2018

	Major Funds			Non-Major Funds			
	General Fund	Fair Oaks L&L Assessment District	Impact Fees	Phoenix Field L&L Assessment District	Gum Ranch L&L Assessment District	Developer In-Lieu Fees	Total Governmental Funds
ASSETS							
Cash and investments	$ 1,263,960	$ 58,237	$ 1,514,625	$ 11,066	$ 27,309	$ 203,462	$ 3,078,659
Interest receivable	6,506	1,000	10,269	148	222	1,680	19,825
Prepaid costs	37,254						37,254
TOTAL ASSETS	$1,307,720	$ 59,237	$1,524,894	$ 11,214	$ 27,531	$205,142	$ 3,135,738
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Accounts payable	$ 514,461						$ 514,461
Accrued payroll	62,021						62,021
Unearned revenue	117,918						117,918
TOTAL LIABILITIES	694,400	-	-	-	-	-	694,400
FUND BALANCE							
Nonspendable	37,254						37,254
Restricted	75,240	59,237	1,524,894	11,214	27,531	205,142	1,903,258
Unassigned	500,826						500,826
TOTAL FUND BALANCE	613,320	59,237	1,524,894	11,214	27,531	205,142	2,441,338
TOTAL LIABILITIES AND FUND EQUITY	$ 1,307,720	$ 59,237	$ 1,524,894	$ 11,214	$ 27,531	$ 205,142	$ 3,135,738

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

FAIR OAKS RECREATION AND PARK DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2018

Fund Balances of Governmental Funds	$ 2,441,338
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	4,525,955
Pension and OPEB contributions subsequent to the valuation measurement date and other items will reduce the pension and OPEB liability in the future and are reported as deferred outflows of resources on the statement of net position.	403,647
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(133,834)
Net pension obligation	(854,527)
OPEB liability	(2,187,177)
Employee pension and OPEB differences to be recognized in the future as pension or OPEB expense are reported as deferred inflows of resources on the statement of net position.	(366,462)
Net position of governmental activities	$ 3,828,940

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

FAIR OAKS RECREATION AND PARK DISTRICT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES S - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	Major Funds			Non-Major Funds			
	General Fund	Fair Oaks L&L Assessment District	Impact Fees	Phoenix Field L&L Assessment District	Gum Ranch L&L Assessment District	Developer In-Lieu Fees	Total Governmental Funds
REVENUES							
Property taxes	$1,687,286						$1,687,286
Charges for current services	502,617						502,617
Special assessments		$ 486,323		$ 56,065	$ 18,044		560,432
Use of money and property	201,768	1,914	$ 19,165	286	426	$ 3,496	227,055
Park impact fees			357,984				357,984
In-lieu fees						57,832	57,832
Other revenues	27,392						27,392
Total revenues	2,419,063	488,237	377,149	56,351	18,470	61,328	3,420,598
EXPENDITURES							
Salaries and benefits	1,818,003						1,818,003
Services and supplies	1,215,813						1,215,813
Capital outlay	967,027						967,027
Total expenditures	4,000,843	-	-	-	-	-	4,000,843
Excess (Deficit) of Revenues Over (Under) Expenditures	(1,581,780)	488,237	377,149	56,351	18,470	61,328	(580,245)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	745,218						745,218
Operating transfers out		(479,254)	(45,000)	(55,305)	(18,019)	(147,640)	(745,218)
Total other Financing Sources (Uses)	745,218	(479,254)	(45,000)	(55,305)	(18,019)	(147,640)	-
Change in fund balance	(836,562)	8,983	332,149	1,046	451	(86,312)	(580,245)
Fund Balances, July 1, 2017, as previously reported	1,620,756	50,254	1,192,745	10,168	27,080	291,454	3,192,457
Restatement	(170,874)						(170,874)
Fund balances, July 1, 2017, as restated	1,449,882	50,254	1,192,745	10,168	27,080	291,454	3,021,583
Fund Balances, June 30, 2018	$ 613,320	$ 59,237	$1,524,894	$ 11,214	$ 27,531	$ 205,142	$2,441,338

FAIR OAKS RECREATION AND PARK DISTRICT

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds	$ (580,245)
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:	
Cost of assets capitalized	967,027
Depreciation expense	(238,240)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences liability	(46,556)
Change in net pension obligation and deferred outflows/inflows of resources related to employee pensions	(94,220)
Change in OPEB liability and deferred outflows/inflows of resources related to employee pensions	(242,226)
Change in net position of governmental activities	$ (234,460)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The District was organized in 1945 by a vote of the public and operates under the California Public Resources Code Section 5780. The District is operated under the direction of a five-member board duly elected and empowered by the electorate with sole authority over the District operations. Although the District is independent from the Sacramento County Board of Supervisors, its financial activities are processed through the Sacramento County Auditor-Controller's office.

In addition to providing recreational programs and services to the community, the District maintains park sites serving approximately 31,000 residents. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to local governments.

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America, which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Based upon the aforementioned oversight criteria, the following are component units:

The Phoenix Field Landscape and Lighting Assessment District, the Parks Maintenance and Recreation Improvement District, and the Gum Ranch Landscape and Lighting Assessment District are included in special revenue funds of the District. These component units are governed by the District's Board of Directors. Each of these assessment districts were organized under the Landscaping and Lighting Act of 1972 and each are reported separately on the district's fund financial statements. No separate financial statements are issued.

The Fair Oaks Recreation Foundation (the Foundation) was created as a non-profit entity under section 501(c)(3) to receive donations, obtain grants, and conduct fundraising events to generate revenues that will enhance the District's recreation programs. The Foundation is reported as a blended component unit of the District because the District governing body is also the governing body of the Foundation. The Foundation's funds are reported as restricted assets on the District's financial statements as a component of the general fund.

Basis of Presentation – Government-wide Financial Statements: The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities presents direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) 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 instead as general revenues.

When both restricted and unrestricted net position are available, restricted resources are used only after the unrestricted resources are depleted.

Basis of Presentation – Fund Financial Statements: The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations.

The District reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fair Oaks Lighting and Landscaping Assessment District Special Revenue Fund – to account for revenues and the associated expenditures of fees levied on property owners of the District which are specifically restricted for installation, maintenance and servicing of public facilities for all properties located within the Park District.

Impact Fees Capital Projects Fund – to account for revenues the District receives pursuant to the Mitigation Fee Act to ensure that the District can build park and recreation facilities and improvements needed for the resident and employee growth created by new development.

In addition to these funds, the District also has special revenue funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes and capital project funds used to account for financial resources used for the acquisition or construction of major capital facilities that are nonmajor funds:

Phoenix Field Lighting and Landscaping Assessment District Special Revenue Fund – to account for revenues and the associated expenditures of fees levied on property owners of the District that are specifically restricted for installation, maintenance and servicing of public facilities within the Phoenix Field area.

Gum Ranch Lighting and Landscaping Assessment District Special Revenue Fund – to account for revenues and the associated expenditures of fees levied on property owners of the District that are specifically restricted for installation, maintenance and servicing of public facilities within the Gum Ranch area.

Development In-Lieu Fees Capital Projects Fund – to account for revenues the District receives from the dedication of land payments of fees in-lieu of land or combination thereof under the Quimby Act and Sacramento County Code Chapter 22.40.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period, usually 60 days. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources. The District considers property taxes available if they are collected within sixty-days after year-end.

Budgetary Principles: As required by the laws of the State of California, the District prepares and legally adopts a final balanced operating budget on or before October 1 of each fiscal year. Public hearings are conducted on the proposed final budget to review all appropriations and the sources of financing.

Operating budgets are adopted for the General Fund on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level which classifies expenditures by type of goods purchased and services obtained. The Statements of Revenues, Expenditures – Budget to Actual present revenues at the source level and expenditures at the function level. It is not feasible to compare budget to actual data at the object level in this report. Therefore, this information is contained in a separate report prepared by the Sacramento County Department of Finance, Auditor-Controller, titled "Expenditures Status Report." Significant amendments and appropriation transfers from contingencies must be approved by the District's Board of Directors. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. The District's budget for special revenue funds is prepared on the modified accrual basis of accounting, except that encumbrances represent expenditures on a budgetary basis. Encumbrances not liquidated in the current year are added to the subsequent year budget for reporting and control purposes. Budgets are not prepared for the capital projects funds.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level except for fixed assets, which are controlled at the sub-object level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, other charges including debt service, capital outlay, contingencies, expenditure transfers, and other financing uses. Sub-object levels of expenditures for fixed assets are land, structures and improvements, and equipment.

Prepaid Costs: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both the government-wide and fund financial statements. Prepaid costs are reported in the fund financial statements as nonspendable fund balance to indicate they do not constitute resources available for appropriation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets, which include land, structures and improvements, machinery and equipment, and infrastructure assets, are reported in government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the date of donation. Capital outlay is recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Amortization of assets acquired by way of capital leases are included in depreciation and amortization. Structures, improvements, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Structures and Improvements	10-30
Equipment	5-10

Compensated Absences: The District's policy allows employees to accumulate earned unused vacation, sick leave, compensatory time off in lieu of overtime and administrative leave, which will be paid to employees upon separation from the District's service subject to a vesting schedules per the District's personnel policy. Vacation time is earned by regular full-time and part-time employees according to the vesting schedules to a maximum of 240 hours. Sick leave is earned by regular full-time and regular part-time employees. Any sick leave hours not used during the period are carried forward to future years with no limit to the number of hours that can be accumulated. Any sick leave hours unused at the time of an employee's retirement can be added to the actual period of service when computing retirement benefits. Regular full-time and regular part-time employees of the District may choose the sick leave payout option upon termination of employment with the District. If the employee chooses this option, any unused sick leave up to a maximum of 320 hours will be compensated at 50% of the employees' current hourly rate. Should an employee choose the payout option, any accrued sick leave for which an employee has been paid out will not be credited to the employee upon retirement. Full-time nonexempt employees may be given compensatory time off in lieu of overtime pay for authorized work in excess of forty hours per week to be computed at one and one half times the excess hours worked. An employee may not accrue more than sixty hours of compensatory time off. An employee designated as exempt is entitled to participate in the District's Administrative Leave Program. No exempt employee shall be eligible to accrue more than a maximum of 64.08 hours of administrative leave pay at any time.

Deferred Outflows and Inflows of Resources: In addition to liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the District's pension and OPEB plans as described in Notes 7 and 8.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Property Taxes: The County of Sacramento is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Sacramento up to 1% of the full cash value of taxable property based on assessed values on March 1 of the preceding year, plus other increases approved by the voters and distributed in accordance with statutory formulas. They become a lien on the first day of the year they are levied. Secured property tax is levied on January 1 and due in two instalments, on November 1 and February 1. Unsecured property tax is levied on July 1 and due on July 31.

The County elects to use the Alternative Method of Property Tax Apportionment. Under this method of property tax apportionment, the County purchases the delinquent secured taxes on June 30. This purchase is completed within two months after the end of the fiscal year.

Unearned Revenue: Unearned revenue represents fees received prior to June 30 for events that take place after June 30.

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

Interfund Transactions: Operating transfers are transactions to allocate resources from one fund to another fund not contingent on the incurrence of specific expenditures in the receiving fund. Interfund transfers are generally recorded as operating transfers in and operating transfers out in the same accounting period.

Fund Balance: In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned balances.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which comprise prepaid items.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the District's Board of Directors. These amounts cannot be used for any other purpose unless the District's Board modifies, or removes the fund balance commitment.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned Funds – Unassigned fund balance is the residual classification of the District's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

The District's Board establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, committed, assigned and unassigned resources as they are needed. The District's committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

New Pronouncements: In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's), which 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 timing and pattern of recognition of the liability and corresponding deferred outflow of resources recorded is defined in this Statement. This Statement is effective for periods beginning after June 15, 2018.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying and disclosing fiduciary activities of state and local governments. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements of the government. Four fiduciary funds should be reported under this statement: Pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. This Statement is effective for periods beginning after December 15, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB statements, including issues related to blending component units, goodwill, fair value measurements and application, pensions and other postemployment benefits. This Statement is effective for periods beginning after June 15, 2017.

The District is currently analyzing the impact of the required implementation of these new statements.

NOTE 2: CASH AND INVESTMENTS

At June 30, 2018, the District's total cash and investments at fair value were as follows:

Imprest cash	$ 1,000
Deposits in financial institutions	37,391
Cash and investments with the County Treasurer	3,040,268
	$ 3,078,659

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The following table identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	No limit	No limit
U.S. Treasury Obligations	5 years	No limit	No limit
U.S. Agency Securities	5 years	No limit	No limit
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	No limit
Repurchase Agreements	1 year	No limit	No limit
Reverse Repurchase Agreements	92 days	20% of base value	No limit
Medium-Term Notes	5 years	30%	No limit
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	No limit
County Pooled Investment Funds	N/A	No limit	No limit
Local Agency Investment Fund (LAIF)	N/A	No limit	No limit
JPA Pools (other investment pools)	N/A	No limit	No limit

The District complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investment in the County of Sacramento Investment Pool: The District's cash is held in the County of Sacramento's cash and investment pool which is managed by the Sacramento County Treasurer. The District's cash balances invested in the Sacramento County Treasurer's cash and investment pool are stated at amortized cost, which approximates fair value. The amount invested by all public agencies in Sacramento County's cash and investment pool is $4,029,757,939 at June 30, 2018. Sacramento County does not invest in any derivative financial products. The Sacramento County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Sacramento County's cash and investment pool. The Committee consists of ten members as designated by State law. The value of pool shares in Sacramento County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. Investments held in the County's investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment in the County pool has an average maturity of 309 days as of June 30, 2018.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's external investment pool is not rated.

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested by any one issuer to the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total District investments.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Custodial credit risk does not apply to a local government's indirect deposits or investments in securities with governmental investment pools (such as the County of Sacramento investment pool). The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Custodial credit risk does not apply to a local government's indirect deposits or investments in securities through the use of government investment pools.

At June 30, 2018, the carrying amounts of the District's deposits were $37,391, and the balances in financial institutions were $32,890, all of which was covered by federal depository insurance.

NOTE 3: OPERATING TRANSFERS

With Board approval, resources may be transferred from one District fund to another. Transfers between funds during the fiscal year ended June 30, 2018 were as follows:

Transfer to	Transfer from	Amount	
General Fund	Major Special Revenue Funds:		
	Fair Oaks Lighting and Landscaping Assessment Fund	$ 479,254	(a)
	Major Capital Projects Fund:		
	Impact Fees Fund	45,000	(b)
	Non-major Special Revenue Funds:		
	Phoenix Field Lighting and Landscaping	55,305	(a)
	Gum Ranch Lighting and Landscaping	18,019	(a)
	Non-major Capital Project Fund		
	Development In-Lieu Fees Fund	147,640	(c)
		$ 745,218	

(a) - Transfer for expenditure budget requirements from Lighting and Landscaping Funds
(b) - Transfer for construction of a bike park at Phoenix Field
(c) - Transfer for reimbursemnt of park-in-lieu fees for Madison Place Park and purchase of electronic marque at Fair Oaks Park.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018, is as follows:

	Balance at June 30, 2017	Additions	Deletions	Adjustments	Balance at June 30, 2018
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 1,506,697	$ 264,608			$ 1,771,305
Construction in progress	137,457	388,055			525,512
Total capital assets, not being depreciated	1,644,154	652,663	-	-	2,296,817
Capital assets, being depreciated:					
Buildings and improvements	2,054,286	13,701			2,067,987
Site imporovements	4,161,940	151,824			4,313,764
Equipment	393,026	148,839			541,865
Total capital assets, being depreciated	6,609,252	314,364	-	-	6,923,616
Less accumulate depreciation					
Buildings and improvements	(1,348,485)	(56,134)			(1,404,619)
Site imporovements	(2,832,646)	(155,988)			(2,988,634)
Equipment	(275,107)	(26,118)			(301,225)
Total accumulated depreciation	(4,456,238)	(238,240)	-	-	(4,694,478)
Total capital assets being depreciated, net	2,153,014	76,124	-	-	2,229,138
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 3,797,168	$ 728,787	$ -	$ -	$ 4,525,955

Depreciation expense for the year was $238,240 and was all charged to the recreation function.

NOTE 5: LONG-TERM OBLIGATIONS

The following is a summary of long-term liabilities for the year ended June 30, 2018:

	Restated Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
Compensated absences	$ 87,278	$ 86,751	$ (40,195)	$ 133,834	$ 86,992
Net pension liability	726,564	239,777	(111,814)	854,527	
OPEB liability	2,164,316	329,784	(306,923)	2,187,177	
Totals	$ 2,978,158	$ 656,312	$ (458,932)	$ 3,175,538	$ 86,992

NOTE 6: FUND BALANCE

The following are the components of the Governmental Funds fund balances.

	General	Fair Oaks L&L Assessment District	Impact Fees	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable:					
Prepaid costs	$ 37,254				$ 37,254
Total Nonspendable	37,254	-	-	-	37,254
Restricted for:					
Capital facilities and improvements			$ 1,524,894	$ 205,142	1,730,036
Assessment District maintenance and improvements		$ 59,237		38,745	97,982
ADA improvements	49,851				49,851
Foundation activities	25,389				25,389
Total Restricted	75,240	59,237	1,524,894	243,887	1,903,258
Unassigned	500,826				500,826
Total Unassigned	500,826	-	-	-	500,826
Total Fund Balances	$ 613,320	$ 59,237	$ 1,524,894	$ 243,887	$ 2,441,338

NOTE 7: DEFINED BENEFIT PENSION PLAN

Plan Description: All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). The District has the following cost-sharing rate plans:

- Miscellaneous Plan
- PEPRA Miscellaneous Plan

Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Hire date	Miscellaneous Plan (Prior to January 1, 2013)	Miscellaneous Plan (On or after January 1, 2013)
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	8.921%	6.533%

In addition to the contribution rates above, the District was also required to make payments of $37,254 toward its unfunded actuarial liability during the year ended June 30, 2018. The Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2018, the employer contribution to the Plan (all rate plans combined) were $100,327, including the contribution for the employers unfunded accrual liability.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2018, the District reported a net pension liability for its proportionate share of the net pension liability of $854,527.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2017 was as follows:

	Miscellaneous Plan
Proportion - June 30, 2017	0.02014%
Proportion - June 30, 2018	0.02168%
Change - Increase (Decrease)	0.00154%

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended June 30, 2018, the District recognized pension expense of $197,270. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan combined from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 100,327	
Change in assumptions	181,520	$ 13,841
Net differences between projected and actual earnings on plan investments	41,052	
Difference between actual and allocated contributions		71,025
Difference between expected and actual experience	1,463	20,960
Adjustment due to differences in proportions	28,402	31,930
Total	$ 352,764	$ 137,756

The $100,327 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2019	$ (10,868)
2020	94,438
2021	55,485
2022	(24,374)
	$ 114,681

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for the Plan was determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Mortality	Derived using CalPERS Membership Data for all Funds

(1) Depending on entry age and service

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an April 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15 percent investment return assumption used in this accounting valuation is gross of administrative expenses. Administrative expenses are assumed to be 15 basis points.

In fiscal year 2016-2017, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent. Deferred outflows of resources for changes of assumptions represent the unamortized portion of this assumption change.

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, 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 the 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

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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 one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.56%
Liquidity	2.0%	(0.40)%	(0.90)%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	$ 1,452,869
Current Discount Rate	7.15%
Net Pension Liability	$ 854,527
1% Increase	8.15%
Net Pension Liability	$ 358,969

Pension Plan Fiduciary Net Position: Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description: For employees hired before March 1, 2010, the District pays 100% of the medical premium for the retiree and any dependents up to a cap varying by coverage level. The cap is the average of the six CalPERS medical plans available to the District employees and is set annually by the Board, in 2017 $774.55 (single coverage), $1,549.25 (two party coverage) and $2,014.02 (family coverage).

Employees hired on/after March 1, 2010 are covered by the PEMHCA Vesting resolution. This resolution provides that the District pays 100% of the premium for retirees and dependents up to but not exceeding the maximum benefits provided by the "100/90" formula *multiplied* by the vesting percent, based on the retiree's years of CalPERS membership. The maximum monthly benefits payable in calendar year 2017 under the 100/90 formula are: $707 (single coverage), $1,349 (two party) and $1,727 (family).

The Plan does not issue separate financial statements. No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Employees Covered by Benefit Terms: At June 30, 2018, the following employees were covered by the Plan's benefit terms:

Active employees	17
Inactive employees or beneficiaries currently receiving benefit payments	6
	23

Contributions: The contribution requirements of Plan members and the District are established and may be amended by the District's Board of Directors subject to the District's Memorandums of Understanding with bargaining units. The required contribution is based on actual retiree health insurance premium stipend required under the Plan. For the year ended June 30, 2018, the District contributed $34,861 to the Plan through pay-as-you-go health insurance benefit payments on behalf of Plan members. Plan members did not make any contributions to the Plan. The District does not contribute to a trust fund on behalf of employees.

OPEB Liability: The District's OPEB liability of $2,187,177 was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions: The net OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.13%
Inflation	2.75%
Aggregate salary increase	3.25%
Healthcare cost trend rates	8.50% decreasing to 5.00% for years after 2025
Mortality rates	Derived using CalPERS membership data
Pre-Retirement	Derived using CalPERS membership data

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS PLANS (Continued)

Participation Rates: 100% of future employees are assumed to elect coverage. 75% of future retirees are assumed to elect to cover their spouse in their medical plan coverage and 30% are assumed to cover dependents other than a spouse under age 62.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.13%. The discount rate is based on the average of three 20-year municipal bond rate indices: The S&P Municipal Bond 20 Year High Grade Rate Index.

Changes in the Total OPEB Liability: The change in the total OPEB liability for the plan is as follows:

	Total OPEB Liability
Balance at June 30, 2017	$ 2,164,316
Changes for the year:	
Service cost	269,694
Interest on the total OPEB liability	60,090
Change of assumptions	(265,381)
Benefit payments	(41,542)
Net changes	22,861
Balance at June 30, 2018	$ 2,187,177

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
Total OPEB liability	$ 2,624,020	$ 2,187,177	$ 1,848,576

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (7.5% decreasing to 4.00%)	Current Healthcare Cost Trend Rates (8.50% decreasing to 5.00%)	1% Increase (9.5% decreasing to 6.00%)
Total OPEB liability	$ 1,791,653	$ 2,187,177	$ 2,776,210

OPEB Plan Fiduciary Net Position: The Plan does not have fiduciary net position as the District does not contribute to a qualified trust fund on behalf of the participants.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS PLANS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2018, the District recognized OPEB expense of $286,207. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 50,883	
Changes of assumptions		$ 228,706
Total	$ 50,883	$ 228,706

The $50,883 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the following fiscal year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2019	$ (36,675)
2020	(36,675)
2021	(36,675)
2022	(36,675)
2023	(36,675)
Thereafter	(45,331)
	$ (228,706)

NOTE 9: RISK MANAGEMENT

The District is self-insured for comprehensive liability coverage as a member of the California Association for Park and Recreation Insurance (CAPRI). CAPRI is a public agency risk pool created pursuant to a joint powers agreement between the numerous member Districts. CAPRI manages on pool for all member agencies. Each member pays an annual premium to the system based on numerous factors including the number of personnel, types and values of assets held, and an experience factor. CAPRI reinsures through a commercial carrier for claims in excess of $1,000,000 for each insured event.

Coverage provided under CAPRI is as follows:

Workers' compensation coverage with $50,000,000 including $350,000 (CAPRI) coverage per occurrence for workers' compensation, limited to $5,000,000 for employee liability.

NOTE 9: RISK MANAGEMENT (Continued)

Comprehensive general liability coverage with a $25,000,000, including $1,000,000 (CAPRI) self-insured limit per occurrence for personal injury and property damage to which the coverage applies. There is no deductible to the District.

Public officials and employee liability coverage with a $10,000,000 annual aggregate limit per member district because of a wrongful act which occurs during the coverage period for which the coverage applies. There is a $20,000 deductible for any covered claim for wrongful termination payable by the District.

All-risks property loss coverage including Boiler & Machinery coverage, is subject to a $2,000 deductible per occurrence payable by the District.

Flood and earthquake coverage with annual aggregate limit of $5,000,000 for all the member districts. The deductible for all loss or damage arising from the risks of flood and/or earthquake is $50,000 per occurrence or 5% of the value of the building, contents, and/or structure damaged, whichever is greater.

Theft and employee dishonesty coverage with a limit of $1,000,000 and a deductible of up to $15,000 per occurrence.

NOTE 10: OPERATING LEASES

The District has one operating lease agreement with a four-year term. Total rental expense for the year was $3,415. There are no material restrictions imposed by this agreement.

NOTE 11: SUBSEQUENT EVENTS

The voters passed Proposition Measure J, authorizing the District to issue and sell bonds of up to $26.9 million in aggregate principal amount to provide financing for the facility projects. The District is in the process of issuing bonds in an amount not to exceed $10 million.

NOTE 12: RESTATEMENTS

The District discovered items related to June 30, 2017 and prior years that warrant adjustments as of June 30, 2017. In addition, during the year ended June 30, 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement required the District to recognize in its financial statements the net OPEB liability, deferred outflows of resources and deferred inflows of resources for the District's OPEB plan. Due to implementation of this Statement, the OPEB liability increased by $335,286, deferred outflows of resources increased by $41,542 and net position decreased by $293,744 as of July 1, 2017. As a result of the prior period adjustments, the net assets and fund balance reported on the statement of activities and statement of revenues and expenditures as of July 1, 2017 have been restated as follows:

NOTE 12: RESTATEMENTS (Continued)

	Governmental Activities	General Fund
Net assets and fund balance as of July 1, 2017, as previously reported	$ 4,591,333	$ 1,620,756
Change in accounting principal adoption of GASB Statement No. 75	(293,744)	
Correct double counting of May and June 2017 fees	(144,186)	(144,186)
Fees received in advance for events after June 30, 2017 was not reflected as unearned revenue	(133,426)	(133,426)
Reclassify Americans with Disabilities Act fees as restricted fund balance instead of deposit liability	43,423	43,423
Remove incorrect posting of compensated absences in the General Fund		63,315
Total Restatements	(527,933)	(170,874)
	$ 4,063,400	$ 1,449,882

REQUIRED SUPPLEMENTARY INFORMATION

FAIR OAKS RECREATION AND PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 1,626,992	$ 1,626,992	$ 1,687,286	$ 60,294
Charges for current services	551,435	551,435	502,617	(48,818)
Use of money and property	206,871	206,871	201,768	(5,103)
Other revenues	367,162	367,162	27,392	(339,770)
Total revenues	2,752,460	2,752,460	2,419,063	(333,397)
EXPENDITURES				
Salaries and benefits	1,814,266	1,814,266	1,818,003	(3,737)
Services and supplies	1,307,754	1,307,754	1,215,813	91,941
Capital outlay	1,121,052	1,121,052	967,027	154,025
Total expenditures	4,243,072	4,243,072	4,000,843	242,229
Excess (Deficit) of Revenues Over (Under) Expenditures	(1,490,612)	(1,490,612)	(1,581,780)	(91,168)
Other Financing Sources (Uses)				
Operating transfers in	941,160	941,160	745,218	(195,942)
Total other Financing Sources (Uses)	941,160	941,160	745,218	(195,942)
Change in net position	(549,452)	(549,452)	(836,562)	(104,774)
Fund balances - July 1, 2017	1,620,756	1,620,756	1,620,756	
Restatement	(234,189)	(234,189)	(234,189)	
Fund balances, July 1, 2017 as Restated	1,386,567	1,386,567	1,386,567	
Fund balances - June 30, 2018	$ 837,115	$ 837,115	$ 550,005	$ (104,774)

FAIR OAKS RECREATION AND PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FAIR OAKS LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT

For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Special assessments	$ 492,184	$ 492,184	$ 486,323	$ (5,861)
Use of money and property			1,914	1,914
Total revenues	492,184	492,184	488,237	(3,947)
Excess (Deficit) of Revenues Over (Under) Expenditures	492,184	492,184	488,237	(3,947)
Other Financing Sources (Uses)				
Operating transfers out	(492,184)	(492,184)	(479,254)	12,930
Total other Financing Sources (Uses)	(492,184)	(492,184)	(479,254)	12,930
Change in fund balance	-	-	8,983	8,983
Fund Balances, July 1, 2016	50,254	50,254	50,254	
Fund Balances, June 30, 2017	$ 50,254	$ 50,254	$ 59,237	$ 8,983

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the Net Pension Liability	0.02168%	0.02014%	0.01643%	0.00675%
Proportionate Share of the Net Pension Liability	$ 854,527	$ 699,564	$ 352,834	$ 420,348
Covered Payroll - Plan Measurement Period	$ 803,578	$ 784,684	$ 784,684	$ 788,864
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	106.34%	89.15%	44.97%	53.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.25%	82.10%	87.83%	88.07%

Notes to Schedule:

Change in Benefit Terms: None.

Changes in Assumptions: The June 30, 2017 Actuarial Valuation changed the discount rate from 7.65% (net of administrative expenses) to 7.15%.

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution (Actuarially Determined)	$ 100,327	$ 84,815	$ 75,412	$ 67,736
Contributions in Relation to the Actuarially Determined Contributions	100,327	84,815	75,412	67,736
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll - Employer Fiscal Year	$ 1,019,682	$ 803,578	$ 784,684	$ 784,684
Contributions as a Percentage of Covered Payroll	9.84%	10.55%	9.61%	8.63%

Notes to Schedule:

Valuation date:	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Methods and Assumptions Used to Determine Contribution Rates:				
	Entry age normal			
Amortization Method	Level percentage of payroll, closed			
Remaining Amortization Period	12 years	13 years	14 years	15 years
Asset Valuation Method	15-year smoothed market			
Inflation	2.75%			
Salary Increases	Varies depending on entry age and service			
Investment Rate of Return and discount rate used to compute contribution rates	7.150%	7.375%	7.675%	7.500%

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Future years will be reported prospectively as they become available.

FAIR OAKS RECREATION AND PARK DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2018

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

	2018
Total OPEB liability:	
Service cost	$ 269,694
Interest	60,090
Changes in assumptions	(265,381)
Benefit payments	(41,542)
Net change in total OPEB liability	22,861
Total OPEB liability - beginning	2,164,316
Total OPEB liability - ending (a)	$ 2,187,177
Covered-employee payroll - measurement period	$ 803,578
Total OPEB liability as percentage of covered-employee payroll	272.18%

Notes to schedule:	
Valuation date	June 30, 2017
Measurement period - fiscal year ended	June 30, 2017

Note: No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Benefit changes. None.

Changes in assumptions. None

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING SACRAMENTO COUNTY

The District is located in Sacramento County (the "County"). The following information concerning the County is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the County, the State or any of its political subdivisions, other than the District, and none of the County, the State or any of its political subdivisions, other than the District, is liable therefor.

General

The County of Sacramento (the "**County**") was incorporated in 1850 as one of the original 27 counties of the State. The County's largest city, the City of Sacramento serves as the seat of government for both the County and the State. Sacramento became the State Capital in 1854. The County is the major component of the Sacramento -Roseville -Arden -Arcade Metropolitan Statistical Area ("**MSA**"), which includes Sacramento, El Dorado, and Placer and Yolo Counties.

The County encompasses approximately 994 square miles in the northern portion of the Central Valley, which is California's prime agricultural region. The County is bordered by Contra Costa and San Joaquin Counties on the south, Amador and El Dorado Counties on the east, Placer and Sutter Counties on the north, and Yolo and Solano Counties on the west. The County extends from the low delta lands between the Sacramento and San Joaquin rivers north to about ten miles beyond the State Capitol and east to the foothills of the Sierra Nevada Mountains. The southernmost portion of the County has direct access to the San Francisco Bay.

Population

The most recent estimate of the County's population at January 1, 2018 was 1,529,501 persons according to the State Department of Finance. The table below shows population estimates for the cities in the County for the last five years, as of January 1.

SACRAMENTO COUNTY
Population Estimates - Calendar Years 2014 through 2018

	2014	2015	2016	2017	2018
Citrus Heights	85,108	86,129	86,955	87,460	87,731
Elk Grove	161,986	164,247	166,981	170,011	172,116
Folsom	74,568	75,672	76,821	77,706	78,447
Galt	24,342	24,615	24,942	25,393	26,018
Isleton	807	808	811	821	837
Rancho Cordova	68,761	70,711	72,184	73,441	74,210
Sacramento	480,463	484,397	487,758	494,266	501,344
Balance Of County	569,929	575,390	579,159	584,317	588,798
County Total	1,465,964	1,481,969	1,495,611	1,513,415	1,529,501

Source: State Department of Finance, Demographic Research.

Employment and Industry

The unemployment rate in the Sacramento--Roseville--Arden-Arcade Metropolitan Statistical Area ("**MSA**") was 3.6% in December 2018, up from a revised 3.5% in November 2018, and below the year-ago estimate of 3.8%. This compares with an unadjusted unemployment rate of 4.1% for the State and 3.7% for the nation during the same period. The unemployment rate was 3.6% in El Dorado County, 3.1% in Placer County, 3.7% in the County, and 4.4% in Yolo County.

The table below lists employment by industry group for the MSA for the years 2013 through 2017.

SACRAMENTO-ARDEN-ARCADE-ROSEVILLE MSA
(El Dorado, Placer, Sacramento, Yolo Counties)
Annual Average Labor Force and Employment Industry
Calendar Years 2013 through 2017
(March 2017 Benchmark)

	2013	2014	2015	2016	2017
Civilian Labor Force (1)	1,046,500	1,047,200	1,055,900	1,070,900	1,080,900
Employment	955,800	972,600	998,100	1,017,300	1,031,700
Unemployment	90,700	74,600	61,800	56,600	49,200
Unemployment Rate	8.7%	7.1%	5.9%	5.3%	4.6%
Wage and Salary Employment (2)					
Agriculture	8,900	9,200	9,400	9,700	9,200
Mining and Logging	400	400	400	400	500
Construction	43,300	45,500	50,200	54,900	58,600
Manufacturing	34,100	35,400	36,400	36,200	35,500
Wholesale Trade	25,000	24,500	24,700	25,700	26,600
Retail Trade	93,800	95,300	98,000	100,400	101,800
Transportation, Warehousing and Utilities	22,900	23,600	24,600	26,000	26,000
Information	14,800	13,900	14,100	13,800	12,500
Finance and Insurance	36,300	35,500	37,000	37,200	37,100
Real Estate and Rental and Leasing	13,100	13,400	13,800	14,500	15,100
Professional and Business Services	114,600	118,200	120,200	128,000	130,500
Educational and Health Services	130,700	134,300	140,100	145,600	152,200
Leisure and Hospitality	88,700	91,800	95,400	99,800	103,400
Other Services	29,000	30,200	30,900	31,700	32,300
Federal Government	13,500	13,600	13,700	14,000	14,200
State Government	109,900	113,400	115,300	116,600	118,600
Local Government	99,200	100,800	102,900	104,000	103,900
Total, All Industries (3)	878,200	898,800	927,200	958,900	977,700

(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.

Principal Employers

The following table lists the major employers by number of employees in the County as of June 30, 2018.

COUNTY OF SACRAMENTO
2018 Principal Employers
Listed from Greatest to Fewest Number of Employees

Employer Name	No. of Employees	% of Total County Employment
Kaiser Permanente	10,517	1.57%
UC Davis Health System	10,467	1.56
Sutter/California Health Services	9,911	1.48
Dignity/Mercy Healthcare	8,039	1.20
Intel Corporation	6,000	0.90
Apple Inc.	5,000	0.75
Raley's Inc. / Bel Air	3,147	0.47
Health Net of California Inc.	3,000	0.45
VSP Global	2,927	0.44
Wells Fargo & Co.	1,804	0.27

Source: County's 2018 Audited Financial Statement.

Major Employers

The table below lists the major employers in the County, listed alphabetically, as of March 2019.

SACRAMENTO COUNTY
Major Employers
March 2019

Employer Name	Location	Industry
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (mfrs)
Air Resources Board Tstg Off	Sacramento	Engineers-Environmental
AMPAC Fine Chemicals LLC	Rancho Cordova	Electronic Equipment & Supplies-Mfrs
Apple Distribution Ctr	Elk Grove	Distribution Centers (whls)
Ca Department of Insurance	Sacramento	Government Offices-State
California Department-Crrctns	Sacramento	Insurance Agents Brokers & Service
California Exposition & Fair	Sacramento	Government Offices-State
California Prison Ind Auth	Folsom	Government Offices-State
California State Univ-Scrmnt	Sacramento	University-College Dept/Facility/Office
Corrections Dept	Sacramento	State Govt-Correctional Institutions
Dept of Transportation In Ca	Sacramento	Government Offices-State
Disabled American Veterans	Sacramento	Veteran's and Military Organizations
Employment Development Dept	Sacramento	Government-Job Training/Voc Rehab Svcs
Environmental Protection Agcy	Sacramento	State Government-Environmental Programs
Intel Corp	Folsom	Semiconductor Devices (mfrs)
Kaiser Permanente South	Sacramento	Hospitals
LA Care Health Plan	Sacramento	Health Plans
Mercy General Hospital	Sacramento	Hospitals
Mercy San Juan Medical Ctr	Carmichael	Hospitals
Sacramento Bee	Sacramento	Newspapers (publishers/Mfrs)
Sacramento Municipal Utility	Sacramento	Utility Contractors
Sacramento State	Sacramento	Schools-Universities & Colleges Academic
Smud	Sacramento	Electric Companies
State Compensation Ins Fund	Sacramento	Insurance
Sutter Medical Ctr-Sacramento	Sacramento	Hospitals
U C Davis Med Ctr	Sacramento	Hospitals

Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

Construction Activity

The tables below illustrate the building permits and valuations for the County for calendar years 2013 through 2017.

SACRAMENTO COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$316,274.9	$388,564.8	$580,986.1	$689,016.6	$512,951.0
New Multi-family	38,251.7	43,654.0	34,183.6	52,363.2	131,175.3
Res. Alterations/Additions	13,673.3	35,354.2	31,800.5	30,648.8	29,478.7
Total Residential	368,199.9	467,573.0	646,970.2	772,028.6	673,605.0
New Commercial	84,573.3	74,140.9	210,280.3	184,408.2	201,676.5
New Industrial	16,564.2	21,368.5	8,359.4	14,895.8	14,087.9
New Other	37,704.0	74,012.1	121,042.6	147,642.2	68,383.0
Com. Alterations/Additions	53,879.5	70,566.8	88,609.5	80,745.4	69,202.2
Total Nonresidential	192,721.0	240,088.3	428,291.8	427,691.6	353,349.6
New Dwelling Units					
Single Family	1,161	1,410	2,153	2,559	1,886
Multiple Family	453	539	343	339	1,135
TOTAL	1,614	1,949	2,496	2,898	3,021

Source: Construction Industry Research Board, Building Permit Summary.

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 estimations for the County, the State and the United States for the period 2015 through 2018, and projected for 2019.

SACRAMENTO COUNTY
Effective Buying Income and Median Household Estimations
As of January 1
2015 through 2019 (projected)

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	Sacramento County	$30,629,048	$45,938
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	Sacramento County	$33,033,628	$47,932
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	Sacramento County	$35,596,193	$50,219
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	Sacramento County	$38,238,821	$54,343
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Sacramento County	$40,651,806	$56,387
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

Commercial Activity

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the calendar year of 2016 in the County were $23,184,499,109 a 5.0% increase over the total taxable transactions of $22,043,195,942 reported in the County during calendar year 2015. Annual figures for 2017 are not yet available.

SACRAMENTO COUNTY
Annual Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	22,211	$13,366,459	31,507	$19,089,848
2013	22,629	14,171,006	31,709	20,097,095
2014	23,147	14,649,693	32,143	21,061,901
2015[(1)]	12,122	15,221,224	36,121	22,043,196
2016	24,383	16,016,855	36,915	23,184,499

1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

April __, 2019

Board of Directors
Fair Oaks Recreation and Park District
4150 Temescal Street
Fair Oaks, CA 95628

OPINION: $__________ Fair Oaks Recreation and Park District Election of 2018 General Obligation Bonds, Series 2019

Members of the Board of Directors:

We have acted as bond counsel in connection with the issuance by the Fair Oaks Recreation and Park District (the "District") of its $______________ principal amount Fair Oaks Recreation and Park District Election of 2018 General Obligation Bonds, Series 2019 (the "Bonds"), pursuant to Article 11 (commencing with Section 5790) of Chapter 4 of Division 5 of the Public Resources Code, and Article 4.5, commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (collectively, the "Bond Law"), and a Paying Agent Agreement dated as of March 1, 2019 (the "Paying Agent Agreement"), between the Director of Finance of the County of Sacramento, as paying agent (the "Paying Agent") and the District. We have examined the Bond Law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Paying Agent Agreement and in certified proceedings and other certifications of public officials and others 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 recreation and park district with the power to execute and deliver the Paying Agent Agreement, perform the agreements on its part contained therein and issue the Bonds.

2. The Paying Agent Agreement has been duly executed and delivered by the District and constitutes a valid and binding obligation of the District enforceable upon the District in accordance with its terms.

3. Pursuant to the Bond Law, the Paying Agent Agreement creates a valid lien on funds pledged by the District for the security of the Bonds.

4. The Bonds have been duly authorized, executed and delivered by the District and are valid and binding general obligations of the District, and Sacramento County is required to levy an ad valorem tax upon the property in the District, without regard to rate or amount, for the payment of principal of and interest on all outstanding bonds of the District, including the Bonds (except for certain personal property, which is taxable at limited rates).

5. 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.

6. 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 and the Paying Agent Agreement 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. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$________
FAIR OAKS RECREATION AND PARK DISTRICT
(Sacramento County, California)
Election of 2018 General Obligation Bonds, Series 2019

This CONTINUING DISCLOSURE CERTIFICATE (this "**Disclosure Certificate**") is executed and delivered by the FAIR OAKS RECREATION AND PARK DISTRICT (the "**District**") in connection with the issuance of its Election of 2018 General Obligation Bonds, Series 2019 (the "**Bonds**"). The Bonds are being issued pursuant to a Paying Agent Agreement, dated as of March 1, 2019, between the District and the Director of Finance of the County of Sacramento, as paying agent thereunder.

The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Paying Agent Agreement, 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 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is nine months after the end of the District's Fiscal Year (currently June 30th), or March 31.

"*Dissemination Agent*" shall mean, initially, Isom Advisors, a Division of Urban Futures, Inc., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"*Fiscal Year*" means any twelve-month period beginning on January 1 in any year and extending to the next succeeding December 31, both dates inclusive, or any other twelve-month period selected and designated by the District as its official Fiscal Year period under a Certificate of the District filed with the Paying Agent.

"*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, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Brandis Tallman LLC, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

"*Significant Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

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, 2020, 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 of this Disclosure Certificate; 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 Significant 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 timely provide (or cause the Dissemination Agent to timely provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(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) The District's 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, financial information and operating data with respect to the District for the preceding Fiscal Year, or, if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed:

(i) Assessed value of taxable property in the jurisdiction of the District;

(ii) Assessed value of the properties of the top 20 secured property taxpayers in the District;

(iii) Property tax collection delinquencies for the District, but only if available from the County at the time of filing the Annual Report and only if the District's general obligation bond levies are not included in Sacramento County's Teeter Plan;

(iv) The District's most recently adopted budget; and

(v) Such further information, if any, as may be necessary to make the statements made pursuant to (a) and (b) of this Section 4, in the light of the circumstances under which they are made, not misleading.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

(d) 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 Significant Events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

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

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant 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 Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Paying Agent Agreement.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv), and (a)(xv) of this Section 5 contain the qualifier "if material." 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 the District determines the event's occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, Paying 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)(xv) and (xvi), "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, and the issuer thereof has entered into a continuing disclosure undertaking for such municipal securities.

Section 6. <u>Identifying Information for Filings with the MSRB</u>. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. <u>Termination of Reporting Obligation</u>. 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 Significant Event under Section 5(b).

Section 8. <u>Dissemination Agent</u>. 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. Any Dissemination Agent may resign by providing 30 days' written notice to the District. Initially, Isom Advisors, a Division of Urban Futures, Inc. will act as dissemination hereunder.

Section 9. <u>Amendment; Waiver</u>. 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 Paying Agent Agreement for amendments to the Paying Agent Agreement 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 any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

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 Significant 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 Significant 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 Significant 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 Paying Agent Agreement, 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 shall 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 Bond holders 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 the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: April __, 2019

FAIR OAKS RECREATION AND PARK DISTRICT

By ___________________________________
District Administrator

ACCEPTANCE OF APPOINTMENT
BY DISSEMINATION AGENT

Isom Advisors, a Division of Urban Futures, Inc.,
as Dissemination Agent

By:___________________________________
Managing Principal

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	FAIR OAKS RECREATION AND PARK DISTRICT (Sacramento County, California)
Name of Issue:	$_________ Fair Oaks Recreation and Park District (Sacramento County, California) Election of 2018 General Obligation Bonds, Series 2019
Date of Issuance:	April __, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated April __, 2019. The District anticipates that the Annual Report will be filed by _______________.

Dated: _____________

DISSEMINATION AGENT:

By: _______________________________
Its: _______________________________

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 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 (the "**Issuer**") nor the Paying Agent appointed with respect to the Bonds (the "**Paying Agent**") takes any responsibility for the information contained in this Appendix.*

*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) certificates 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 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 certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest 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 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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, in turn, is owned by a number of Direct

Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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 certificates 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 security 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 shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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. Principal 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, 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 Issuer or 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, Agent, or Issuer, 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 Issuer or 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 Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, security certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX G

SACRAMENTO COUNTY INVESTMENT POLICY AND REPORT

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SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR 2019

Approved by the
Sacramento County Board of Supervisors

December 4, 2018
Resolution No. 2018-0839

Table of Contents

SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR 2019

I. Authority

Under the Sacramento County Charter, the Board of Supervisors established the position of Director of Finance and by ordinance will annually review and renew the Director of Finance's authority to invest and reinvest all the funds in the County Treasury.

II. Policy Statement

This Investment Policy (Policy) establishes cash management and investment guidelines for the Director of Finance, who is responsible for the stewardship of the Sacramento County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be judged by the standards of the Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to the Policy.

III. Standard of Care

The Director of Finance is the Trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the prudent investor standard. The Director of Finance, employees involved in the investment process, and members of the Sacramento County Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activities that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with California state law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Director of Finance shall act with care, skill, prudence, and diligence to meet the aims of the investment objectives listed in Section IV, Investment Objectives.

IV. Investment Objectives

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance.

A. Safety of Principal

The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value.

B. Liquidity

As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the Director of Finance to meet all operating requirements that may be reasonably anticipated in any depositor's fund.

C. Public Trust

In managing the Pooled Investment Fund, the Director of Finance and the authorized investment traders should avoid any transactions that might impair public confidence in Sacramento County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

D. Maximum Rate of Return

As the fourth objective, the Pooled Investment Fund should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified herein. For comparative purposes, the State of California Local Agency Investment Fund (LAIF) will be used as a performance benchmark. The Pooled Investment Fund quarterly performance benchmark target has been set at or above LAIF's yield. This benchmark was chosen because LAIF's portfolio structure is similar to the Pooled Investment Fund.

V. Pooled Investment Fund Investors

The Pooled Investment Fund investors are comprised of Sacramento County, school and community college districts, districts directed by the Board of Supervisors, and independent special districts whose treasurer is the Director of Finance. Any local agencies not included in this category are subject to California Government Code section 53684 and are referred to as outside investors.

VI. Implementation

In order to provide direction to those responsible for management of the Pooled Investment Fund, the Director of Finance has established this Policy and will provide it to the Oversight Committee and render it to legislative bodies of local agencies that participate in the Pooled Investment Fund. In accordance with California Government Code section 53646, et seq., the Board of Supervisors shall review and approve this Policy annually.

This Policy provides a detailed description of investment parameters used to implement the investment process and includes the following: investable funds; authorized instruments; prohibited investments; credit requirements; maximum maturities and concentrations; repurchase agreements; Community Reinvestment Act Program; criteria and qualifications of broker/dealers and direct issuers; investment guidelines, management style and strategy; Approved Lists; and calculation of yield and costs.

VII. Internal Controls

The Director of Finance shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. To assist in implementation and internal controls, the Director of Finance has established an Investment Group and a Review Group.

The Investment Group, which is comprised of the Director of Finance and his/her designees, is responsible for maintenance of the investment guidelines and Approved Lists. These guidelines and lists can be altered daily, if needed, to adjust to the ever-changing financial markets. The guidelines can be more conservative or match the policy language. In no case can the guidelines override the Policy.

The Review Group, which is comprised of the Director of Finance and his/her designees, is responsible for the monthly review and appraisal of all the investments purchased by the Director of Finance and staff. This review includes bond proceeds, which are invested separately from the Pooled Investment Fund and are not governed by this Policy.

The Director of Finance shall establish a process for daily, monthly, quarterly, and annual review and monitoring of the Pooled Investment Fund activity. The following articles, in order of supremacy, govern the Pooled Investment Fund:

1. California Government Code
2. Annual Investment Policy
3. Current Investment Guidelines
4. Approved Lists (see page 9, Section IX.K)

The Director of Finance shall review the daily investment activity and corresponding bank balances.

Monthly, the Review Group shall review all investment activity and its compliance to the corresponding governing articles and investment objectives.

Quarterly, the Director of Finance will provide the Oversight Committee with a copy of the Pooled Investment Fund activity and its compliance to the annual Policy and California Government Code.

Annually, the Oversight Committee shall cause an annual audit of the activities within the Pooled Investment Fund to be conducted to determine compliance to the Policy and California Government Code. This audit will include issues relating to the structure of the investment portfolio and risk.

All securities purchased, with the exception of time deposits, money market mutual funds, LAIF and Wells Fargo’s overnight investment fund, shall be delivered to the independent third-party custodian selected by the Director of Finance. This includes all collateral for repurchase agreements. All trades, where applicable, will be executed by delivery versus payment by the designated third-party custodian.

VIII. Sacramento County Treasury Oversight Committee

In accordance with California Government Code section 27130 et seq., the Board of Supervisors, in consultation with the Director of Finance, has created the Sacramento County Treasury Oversight Committee (Oversight Committee). Annually, the Director of Finance shall prepare an Investment Policy that will be forwarded to and monitored by the Oversight Committee and rendered to Boards of all local agency participants. The Board of Supervisors shall review and approve the Policy during public session. Quarterly, the Director of Finance shall provide the Oversight Committee a report of all investment activities of the Pooled Investment Fund to ensure compliance to the Policy. Annually, the Oversight Committee shall cause an audit to be conducted on the Pooled Investment Fund. The meetings of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

A member of the Oversight Committee may not be employed by an entity that has contributed to the campaign of a candidate for the office of local treasurer, or contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the Oversight Committee. A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the Sacramento County Board of Supervisors or governing board of any local agency that has deposited funds in the county treasury while a member of the Oversight Committee. Finally, a member may not secure employment with, or be employed by bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the Oversight Committee or for one year after leaving the committee.

The Oversight Committee is not allowed to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the Department of Finance treasury and investment operations.

IX. Investment Parameters

A. Investable Funds

Total Investable Funds (TIF) for purposes of this Policy are all Pooled Investment Fund moneys that are available for investment at any one time, including the estimated bank account float. Included in TIF are funds of outside investors, if applicable, for which the Director of Finance provides investment services. Excluded from TIF are all funds held in separate portfolios.

The Cash Flow Horizon is the period in which the Pooled Investment Fund cash flow can be reasonably forecasted. This Policy establishes the Cash Flow Horizon to be one (1) year.

Once the Director of Finance has deemed that the cash flow forecast can be met, the Director of Finance may invest funds with maturities beyond one year. These securities will be referred to as the Core Portfolio.

B. Authorized Investments

Authorized investments shall match the general categories established by the California Government Code sections 53601 et seq. and 53635 et seq. Authorized investments shall include, in accordance with California Government Code section 16429.1, investments into LAIF. Authorization for specific instruments within these general categories, as well as narrower portfolio concentration and maturity limits, will be established and maintained by the Investment Group as part of the Investment Guidelines. As the California Government Code is amended, this Policy shall likewise become amended.

C. Prohibited Investments

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity. These shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

All legal investments issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars, or snuff or for smoking in pipes. The tobacco-related issuers restricted from any investment are any component companies in the Dow Jones U.S. Tobacco Index or the NYSE Arca Tobacco Index. Annually the Director of Finance and/or his designee will update the list of tobacco-related companies.

D. Credit Requirements

Except for municipal obligations and Community Reinvestment Act (CRA) bank deposits and certificates of deposit, the issuer's short-term credit ratings shall be at or above A-1 by Standard & Poor’s, P-1 by Moody's, and, if available, F1 by Fitch, and the issuer’s long-term credit ratings shall be at or above A by Standard & Poor’s, A2 by Moody's, and, if available, A by Fitch. There are no credit requirements for Registered State Warrants. All other municipal obligations shall be at or above a short-term rating of SP-1 by Standard & Poor’s, MIG1 by Moody’s, and, if available, F1 by Fitch. In addition, domestic banks are limited to those with a Fitch Viability rating of a or better, without regard to modifiers. The Investment Group is granted the authority to specify approved California banks with Fitch Viability ratings of bbb+ but they must have a Support rating of 1 where appropriate. Foreign banks with domestic licensed offices must have a Sovereign rating of AAA from Standard and Poor’s, Moody’s, or Fitch and a Fitch Viability rating of a or better, without regard to modifiers; however, a foreign bank may have a rating of bbb+ but they must have a Support rating of 1. Domestic savings banks must be rated a or better, without regard to modifiers, or may have a rating of bbb+ but they must a Support rating of 1.

Community Reinvestment Act Program Credit Requirements

<table>
<tr><th>Maximum Amount</th><th colspan="3">Minimum Requirements</th></tr>
<tr><td rowspan="2">Up to the FDIC- or NCUSIF-insured limit for the term of the deposit</td><td colspan="3"><u>Banks</u> — FDIC Insurance Coverage</td></tr>
<tr><td colspan="3"><u>Credit Unions</u> — NCUSIF Insurance Coverage
Credit unions are limited to a maximum deposit of the NCUSIF-insured limit since they are not rated by nationally recognized rating agencies and are not required to provide collateral on public deposits.</td></tr>
<tr><td>Over the FDIC- or NCUSIF-insured limit to $10 million</td><td>(Any 2 of 3 ratings)
S&P: A-2
Moody’s: P-2
Fitch: F-2

Collateral is required</td><td>OR</td><td>Through a private sector entity that assists in the placement of deposits to achieve FDIC insurance coverage of the full deposit and accrued interest.</td></tr>
</table>

Eligible banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from each financial institution’s regulatory authority. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must place securities worth between 110% and 150% of the value of the deposit with the Federal Reserve Bank of San Francisco, the Home Loan Bank of San Francisco, or a trust bank.

Since credit unions do not have Community Reinvestment Act performance ratings, they must demonstrate their commitment to meeting the community reinvestment lending and charitable activities, which are also required of banks.

All commercial paper and medium-term note issues must be issued by corporations operating within the United States and having total assets in excess of one billion dollars ($1,000,000,000).

The Investment Group may raise these credit standards as part of the Investment Guidelines and Approved Lists. Appendix A provides a Comparison and Interpretation of Credit Ratings by Standard & Poor’s, Moody’s, and Fitch.

E. Maximum Maturities

Due to the nature of the invested funds, no investment with limited market liquidity should be used. Appropriate amounts of highly-liquid investments, such as Treasury and Agency securities, should be maintained to accommodate unforeseen withdrawals.

The maximum maturity, determined as the term from the date of ownership to the date of maturity, for each investment shall be established as follows:

U.S. Treasury and Agency Obligations	5 years
Washington Supranational Obligations[1]	5 years
Municipal Notes	5 years
Registered State Warrants	5 years
Bankers Acceptances	180 days
Commercial Paper	270 days
Negotiable Certificates of Deposit	180 days
CRA Bank Deposit/Certificates of Deposit	1 year
Repurchase Agreements	1 year
Reverse Repurchase Agreements	92 days
Medium-Term Corporate Notes	180 days
Collateralized Mortgage Obligations	180 days

The Investment Group may reduce these maturity limits to a shorter term as part of the Investment Guidelines and the Approved Lists.

The ultimate maximum maturity of any investment shall be five (5) years. The dollar-weighted average maturity of all securities shall be equal to or less than three (3) years.

F. Maximum Concentrations

No more than 80% of the portfolio may be invested in issues other than United States Treasuries and Government Agencies. The maximum allowable percentage for each type of security is set forth as follows:

U.S. Treasury and Agency Obligations	100%
Municipal Notes	80%
Registered State Warrants	80%
Bankers Acceptances	40%
Commercial Paper	40%
Washington Supranational Obligations	30%
Negotiable Certificates of Deposit and CRA Bank Deposit/Certificates of Deposit	30%
Repurchase Agreements	30%
Reverse Repurchase Agreements	20%
Medium-Term Corporate Notes	30%
Money Market Mutual Funds	20%
Collateralized Mortgage Obligations	20%
Local Agency Investment Fund (LAIF)	(per State limit)[2]

The Investment Group may reduce these concentrations as part of the Investment Guidelines and the Approved Lists.

[1] The International Bank for Reconstruction and Development, International Finance Corporation, and Inter-American Development Bank.

[2] LAIF current maximum allowed is $65 million.

No more than 10% of the portfolio, except Treasuries and Agencies, may be invested in securities of a single issuer including its related entities.

Where a percentage limitation is established above, for the purpose of determining investment compliance, that maximum percentage will be applied on the date of purchase.

G. Repurchase Agreements

Under California Government Code section 53601, paragraph (j) and section 53635, the Director of Finance may enter into Repurchase Agreements and Reverse Repurchase Agreements. The maximum maturity of a Repurchase Agreement shall be one year. The maximum maturity of a reverse repurchase agreement shall be 92 days, and the proceeds of a reverse repurchase agreement may not be invested beyond the expiration of the agreement. The reverse repurchase agreement must be "matched to maturity" and meet all other requirements in the code.

All repurchase agreements must have an executed Sacramento County Master Repurchase Agreement on file with both the Director of Finance and the Broker/Dealer. Repurchase Agreements executed with approved broker-dealers must be collateralized with either: (1) U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the Approved Lists of the County and which meet the qualifications of the Policy, with a market value of 102%. Since the market value of the underlying securities is subject to daily market fluctuations, investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. Use of mortgage-backed securities for collateral is not permitted. Strictly for purposes of investing the daily excess bank balance, the collateral provided by the Sacramento County's depository bank can be Treasuries or Agencies valued at 110%, or mortgage-backed securities valued at 150%.

H. Community Reinvestment Act Program

The Director of Finance has allocated within the Pooled Investment Fund, a maximum of $90 million for the Community Reinvestment Act Program to encourage community investment by financial institutions, which includes community banks and credit unions, and to acknowledge and reward local financial institutions which support the community's financial needs. The Director of Finance may increase this amount, as appropriate, while staying within the investment policy objectives and maximum maturity and concentration limits. The eligible banks and savings banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from each financial institution’s regulatory authority. The minimum credit requirements are located on page 5 of Section IX.D.

I. Criteria and Qualifications of Brokers/Dealers and Direct Issuers

All transactions initiated on behalf of the Pooled Investment Fund and Sacramento County shall be executed through either government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York or direct issuers that directly issue their own securities which have been placed on the Approved List of brokers/dealers and direct issuers. Further, these firms must have an investment grade rating from at least two national rating services, if available.

Brokers/Dealers and direct issuers which have exceeded the political contribution limits, as contained in Rule G-37 of the Municipal Securities Rulemaking Board, within the preceding four-year period to the Director of Finance, any member of the Board of Supervisors, or any candidate for the Board of Supervisors, are prohibited from the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions. Each firm must acknowledge receipt of such materials to qualify for the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer authorized to do business with Sacramento County shall, at least annually, supply the Director of Finance with audited financial statements.

J. Investment Guidelines, Management Style and Strategy

The Investment Group, named by the Director of Finance, shall issue and maintain Investment Guidelines specifying authorized investments, credit requirements, permitted transactions, and issue maturity and concentration limits which are consistent with this Policy.

The Investment Group shall also issue a statement describing the investment management style and current strategy for the entire investment program. The management style and strategy can be changed to accommodate shifts in the financial markets, but at all times they must be consistent with this Policy and its objectives.

K. Approved Lists

The Investment Group, named by the Director of Finance, shall issue and maintain various Approved Lists. These lists are:

1. Approved Domestic Banks for all legal investments.
2. Approved Foreign Banks for all legal investments.
3. Approved Commercial Paper and Medium Term Note Issuers.
4. Approved Money Market Mutual Funds.
5. Approved Firms for Purchase or Sale of Securities (Brokers/Dealers and Direct Issuers).
6. Approved Banks / Credit Unions for the Community Reinvestment Act Program.

L. Calculation of Yield and Costs

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets; managing and accounting for the banking; receiving and remitting deposits; oversight controls; and indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated by specific cost accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

The Department of Finance will allocate the net interest earnings of the Pooled Investment Fund quarterly. The net interest earnings are allocated based upon the average daily cash balance of each Pooled Investment Fund participant.

X. Reviewing, Monitoring and Reporting of the Portfolio

The Review Group will prepare and present to the Director of Finance at least monthly a comprehensive review and evaluation of the transactions, positions, performance of the Pooled Investment Fund and compliance to the California Government Code, Policy, and Investment Guidelines.

Quarterly, the Director of Finance will provide to the Oversight Committee and to any local agency participant that requests a copy, a detailed report on the Pooled Investment Fund. Pursuant to California Government Code section 53646, the report will list the type of investments, name of issuer, maturity date, par and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value, and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Policy and a statement of the Pooled Investment Fund's ability to meet the expected expenditure requirements for the next six months.

Each quarter, the Director of Finance shall provide to the Board of Supervisors and interested parties a comprehensive report on the Pooled Investment Fund.

Annually, the Director of Finance shall provide to the Oversight Committee the Investment Policy. Additionally, the Director of Finance will render a copy of the Investment Policy to the legislative body of the local agencies that participate in the Pooled Investment Fund.

XI. Withdrawal Requests for Pooled Fund Investors

The Director of Finance will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Director of Finance at a one dollar net asset value. Any requests to withdraw funds for purposes other than immediate cash flow needs, such as for external investing, are subject to the consent of the Director of Finance. In accordance with California Government Code Sections 27133(h) and 27136, such requests for withdrawals must first be made in writing to the Director of Finance. When evaluating a request to withdraw funds, the Director of Finance will take into account the effect of a withdrawal on the stability and predictability of the Pooled Investment Fund and the interests of other depositors. Any withdrawal for such purposes will be at the market value of the Pooled Investment Fund on the date of the withdrawal.

XII. Limits on Honoraria, Gifts, and Gratuities

In accordance with California Government Code Section 27133(d), this Policy establishes limits for the Director of Finance; individuals responsible for management of the portfolios; and members of the Investment Group and Review Group who direct individual investment decisions, select individual investment advisors and broker/dealers, and conduct day-to-day investment trading activity. The limits also apply to members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of $50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities from any single source in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation was $470 for the period January 1, 2017, to December 31, 2018, and is adjusted for inflation every odd-numbered year. Any violation must be reported to the State Fair Political Practices Commission.

XIII. Terms and Conditions for Outside Investors

Outside investors may invest in the Pooled Investment Fund through California Government Code Section 53684. Their deposits are subject to the consent of the Director of Finance. The legislative body of the local agency must approve the Sacramento County Pooled Investment Fund as an authorized investment and execute a Memorandum of Understanding. Any withdrawal of these deposits must be made in writing 30 days in advance and will be paid based upon the market value of the Pooled Investment Fund. If the Director of Finance considers it appropriate, the deposits may be returned at any time to the local agency.

Appendix A

Comparison and Interpretation of Credit Ratings

Long Term Debt & Individual Bank Ratings				
Rating Interpretation	**Moody's**	**S&P**	**Fitch**	**Fitch Viability Rating**
Best-quality grade	Aaa	AAA	AAA	aaa
High-quality grade	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-	aa+ aa aa-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-	a+ a a-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-	bbb+ bbb bbb-
Speculative Grade	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-	bb+ bb bb-
Low Grade	B1 B2 B3	B+ B B-	B+ B B-	b+ b b-
Poor Grade to Default	Caa	CCC+	CCC	ccc
In Poor Standing	- -	CCC CCC-	- -	
Highly Speculative Default	Ca C	CC -	CC -	cc c
Default	- - -	- - D	DDD DD D	f f f

Short Term / Municipal Note Investment Grade Ratings			
Rating Interpretation	**Moody's**	**S&P**	**Fitch**
Superior Capacity	MIG-1	SP-1+/SP-1	F1+/F1
Strong Capacity	MIG-2	SP-2	F2
Acceptable Capacity	MIG-3	SP-3	F3

Appendix A

Short Term / Commercial Paper Investment Grade Ratings			
Rating Interpretation	**Moody's**	**S&P**	**Fitch**
Superior Capacity	P-1	A-1+/A-1	F1+/F1
Strong Capacity	P-2	A-2	F2
Acceptable Capacity	P-3	A-3	F3

Fitch Support Ratings	
Rating	*Interpretation*
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.

Appendix A

Fitch Sovereign Risk Ratings	
Rating	*Interpretation*
AAA	**Highest credit quality.** 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	**Very high credit quality.** 'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	**High credit quality.** 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	**Good credit quality.** 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for timely payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
BB	**Speculative.** 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
B	**Highly speculative.** 'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	**High default risk.** Default is a real possibility.
CC	**Very high levels of credit risk.** Default of some kind appears probable.
C	**Exceptionally high levels of credit risk.** Default appears imminent or inevitable.
D	**Default.** Indicates a default. Default generally is defined as one of the following: • Failure to make payment of principal and/or interest under the contractual terms of the rated obligation; • The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of the business of an issuer/obligor; or • The coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

Quarterly Pooled Investment Fund Report

As Prescribed By
California Government Code Section 53646

For The Quarter Ended December 31, 2018

Compliance to Investment Policy

Based on the Director of Finance's Review Group Month-End Reports, there were no items out of compliance with the Calendar Year 2018 Investment Policy during the quarter ended December 31, 2018.

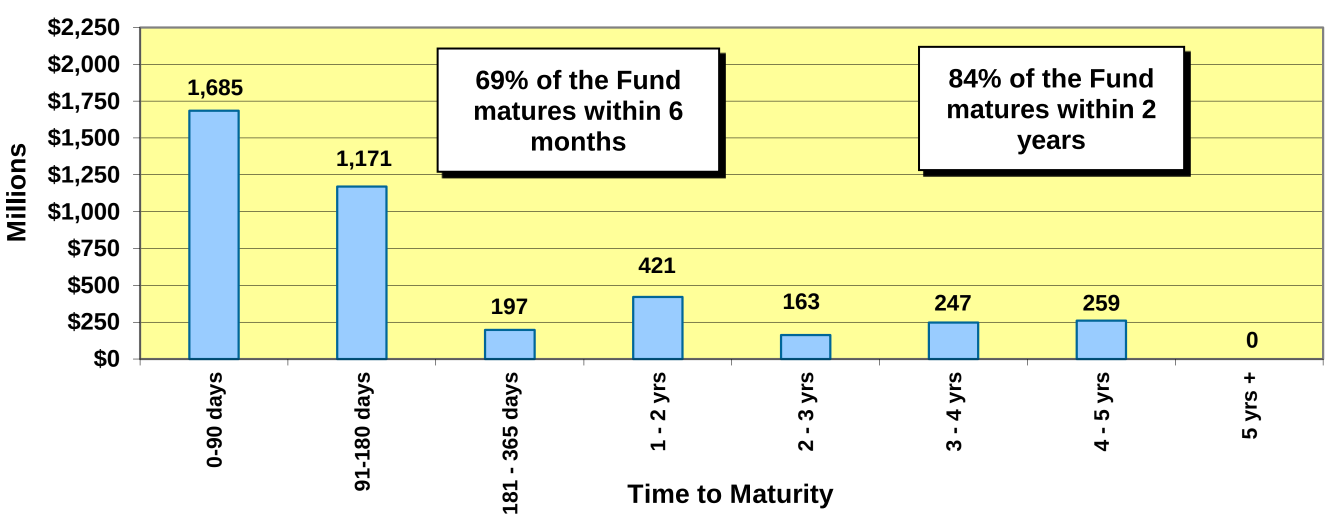
Portfolio Statistics	Quarter Ended 09/30/18	Quarter Ended 12/31/18
Average Daily Balance	$3,419,296,334	$3,487,305,133
Period-End Balance	$3,320,229,433	$4,142,684,945
Earned Interest Yield	2.064%	2.263%
Weighted Average Maturity	371 Days	336 Days
Duration in Years	0.988	0.892
Amortized Book Value	$3,319,644,597	$4,142,548,765
Market Value	$3,302,805,746	$4,138,970,531
Percent of Market to Cost	99.49%	99.91%

The earned interest yield presented above does not have any costs deducted. The investment management costs in prior years and this year continue to be approximately 10 basis points or 0.10%. The quarterly apportionment of earnings to participating funds will be made on a cash basis (as opposed to an accrual basis) for the first three quarters of the fiscal year. Earnings to participating funds will be annualized over the fiscal year based on a fund's cumulative average daily cash balance at each quarter end and fiscal year end. At fiscal year end (fourth quarter), the earnings of the Pool will be converted to an accrual basis for the fourth quarter earnings' allocation.

Portfolio Structure as of December 31, 2018[1]

Investment Description	Percentage of Portfolio at Cost 09/30/18	Percentage of Portfolio at Cost 12/31/18	Percentage of Portfolio at Market 12/31/18	Earned Interest Yield at 12/31/18
US Agency, Treasury & Municipal Notes (USATM):				
US Agency Notes	**31.60%**	**28.21%**	**28.06%**	**1.970%**
Notes/Discount Notes FFCB	*7.37%*	*6.39%*	*6.35%*	*1.889%*
Notes/Discount Notes FHLB	*16.57%*	*15.92%*	*15.89%*	*2.064 %*
Notes/Discount Notes FNMA	*5.71%*	*4.33%*	*4.27%*	*1.825%*
Notes/Discount Notes FHLMC	*1.96%*	*1.57%*	*1.55%*	*1.745%*
US Treasury Notes	**3.15%**	**0.00%**	**0.00%**	**0.00%**
Municipal Notes	**0.50%**	**0.84%**	**0.84%**	**2.064%**
Total USATM	**35.25%**	**29.05%**	**28.89%**	**1.973%**
Repurchase Agreements	**0.00%**	**0.00%**	**0.00%**	**0.000%**
Supranationals	**16.35%**	**13.92%**	**13.92%**	**2.385%**
Commercial Paper	**20.39%**	**26.86%**	**26.98%**	**2.638%**
Certificates of Deposit	**26.05%**	**28.60%**	**28.63%**	**2.552%**
LAIF	**1.96%**	**1.57%**	**1.57%**	**2.208%**
Money Market Accounts	**0.00%**	**0.00%**	**0.00%**	**0.00%**

POOLED INVESTMENT FUND MATURITIES AS OF DECEMBER 31, 2018
$4.143 Billion



[1] Percentages may not add up to 100% due to rounding

Projected Cash Flow

Based upon our cash flow model projection dated January 15, 2019, summarized below, we have sufficient cash flow to meet expenditures for the next 12 months.

Month	Bank Balance	Receipts & Maturities	Disbursements	Difference	Less Investments Beyond One Year	Funds Available for Future Cash Flow Needs*
Dollar amounts represented in millions						
Jan	20.0	$1,148.2	$946.4	$201.8	$45.0	$156.8
Feb	20.0	$1,185.9	$705.6	$480.3	$45.0	$435.3
Mar	20.0	$1,176.6	$646.5	$530.1	$45.0	$485.1
Apr	20.0	$1,297.0	$753.6	$543.4	$45.0	$498.4
May	20.0	$1,269.6	$905.4	$364.2	$45.0	$319.2
Jun	20.0	$1,171.9	$638.2	$533.7	$45.0	$488.7
Jul	20.0	$775.4	$1,262.9	($487.5)	$45.0	($532.5)
Aug	20.0	$536.6	$676.3	($139.7)	$45.0	($184.7)
Sep	20.0	$869.9	$857.9	$12.0	$45.0	($33.0)
Oct	20.0	$759.8	$718.8	$41.0	$45.0	($4.0)
Nov	20.0	$904.8	$459.8	$445.0	$45.0	$400.0
Dec	20.0	$1,413.5	$1,060.5	$353.0	$45.0	$308.0

***Any excess net cash flow amounts in this column will be used to fund negative cash flow positions in later months.**

Detailed Listing of Investments

A complete detailed listing of all investments for the Pooled Investment Fund as of December 31, 2018, is contained in the back of this report. This report notes the type of investment; name of the security; the CUSIP; the purchase date; the maturity date; the coupon and the yield; the par value, book value and market value of each security; the pricing source for the market value; and the duration of each security.

External third-party investment manager(s) at December 31, 2018:

Investment	Firm	Amount
Local Agency Investment Fund	State Treasurer's Office	$65,000,000.00

The Fund uses an external investment accounting system called APS2 by FIS AvantGard. The market valuations are based upon the pricing of Interactive Data Corporation (IDC).

THIS COMPLETES THE QUARTERLY REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE § 53646.

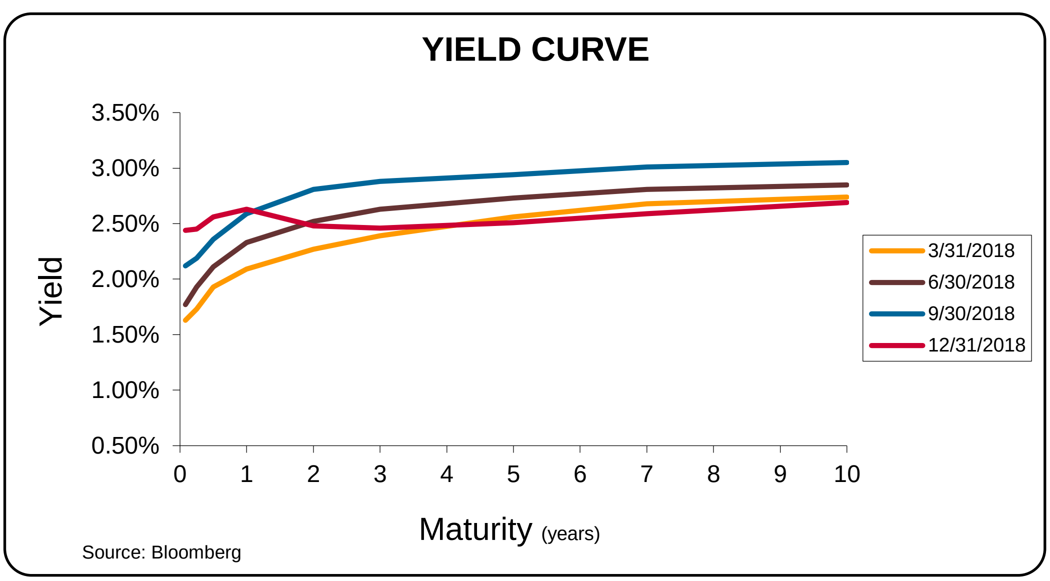
Financial Markets Commentary

On December 19, 2018, the Federal Open Market Committee (FOMC) voted unanimously to increase the overnight federal funds rate by 25 basis points to a range of 2.25% to 2.50%. The FOMC raised the overnight rate 4 times in 2018 and 7 times in the last two years. The FOMC adjusted its forecast to two more rate hikes in 2019 versus three hikes in their prior meeting forecast. The financial markets were widely expecting the rate hike but were disappointed with the FOMC's forecast for additional rate hikes. In the markets' view, the Federal Reserve is being overly aggressive in raising interest rates with the headwinds the economy is facing from the trade war, stock market weakness, and the partial US Government shutdown. The Federal Funds futures market as of this writing is pricing zero rate hikes in 2019 with a possibility of a rate cut in early 2020.

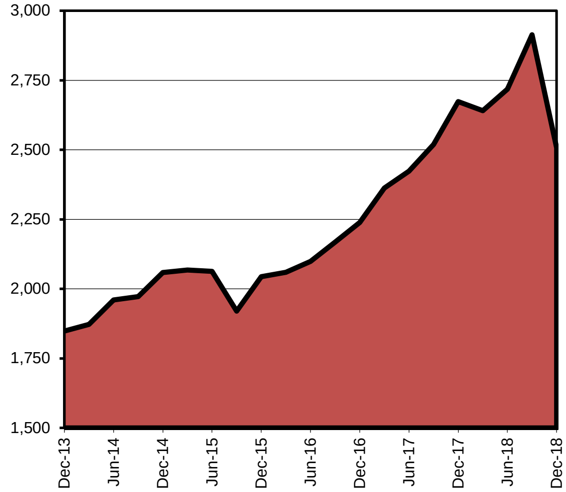
Since early December, yields across the Treasury yield curve have fallen and the middle of the curve has been negative suggesting the economy may be poised to slow in the near future. The trade war with China is contributing to a dramatic slowdown in the Chinese economy, the second largest economy in the world. The Shanghai Composite Index fell by a 25% in 2018, making it the worst performing major index in the world. Both Wall Street and White House economists believe the Federal Government shutdown will have a meaningful negative impact on US GDP. With over 800,000 federal government workers going without a paycheck to start 2019 and much of the Federal Government closed, the impact on domestic GDP will grow exponentially as the shutdown over the funding of President Trump's border wall continues.

However, the US labor market continues to show strong fundamentals. Nonfarm payrolls increased by 312,000 in December, much higher than the expectation of 184,000. The unemployment rate remains near its 50-year low at 3.9%. 419,000 Americans reentered the workforce in December. Wage inflation rose to 3.2% year-over-year, the fastest pace since 2009, which the Federal Reserve predicts will be a major driver of inflation expectations. Although job growth in late 2018 is backward looking, talks of a major slowdown or recession are premature based on this employment picture.

Since the last FOMC meeting, the Fed has reiterated its economic outlook was strong despite growing downside risks. Even if the FOMC decides not to raise overnight rates in 2019, we still expect the yield on the Pooled Investment Fund to rise, at a slower pace, over the next several quarters.

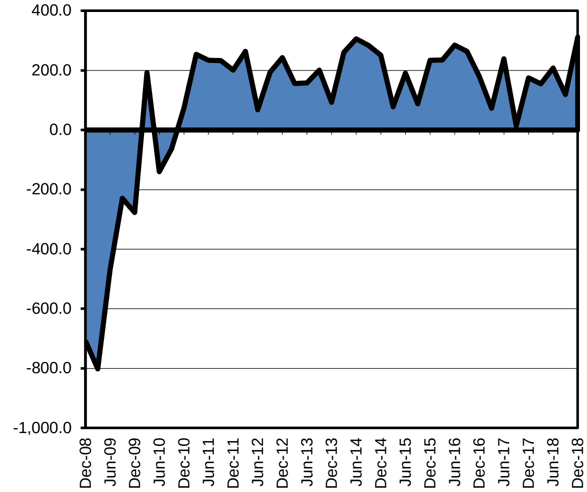


S&P 500 INDEX



Source: Bloomberg

NONFARM PAYROLLS (THOUSANDS)



Source: Bloomberg

Portfolio Management Strategy

During the past quarter, we continued to provide adequate liquidity to meet the cash flow needs of the Pooled Investment Fund participants. We are currently funding the cash flows for July 2019. We are purchasing two- and five-year U. S. Treasury, U.S. Agency, and Washington Supranational securities on a monthly basis for the "CORE" portfolio, which is composed of all securities maturing beyond one year. This laddered structure stabilizes the yield over longer periods. Over the next quarter, our quarterly yield should range between 2.40% and 2.50%.

Respectfully submitted,
Bernard Santo Domingo
Chief Investment Officer

Concur,
Ben Lamera
Director of Finance

Attachment County of Sacramento Short-Term Investment Portfolio

Release Date: January 17, 2019

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 12/31/2018

DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
VR-SAC COUNTY 14-15		12/9/2014	8/1/2019	2.064%	2.064%	1,426,587.89	1,426,587.89	1,426,587.89	BOOK	0.666
VR-SAC COUNTY 15-16		10/27/2015	8/3/2020	2.064%	2.064%	2,402,028.01	2,402,028.01	2,402,028.01	BOOK	1.584
VR-SAC COUNTY 16-17		11/1/2016	8/2/2021	2.064%	2.064%	3,651,108.71	3,651,108.71	3,651,108.71	BOOK	2.560
VR-SAC COUNTY 17-18		11/14/2017	8/1/2022	2.064%	2.064%	6,745,545.69	6,745,545.69	6,745,545.69	BOOK	3.508
VR-SAC COUNTY 18-19		12/4/2018	8/1/2023	2.064%	2.064%	20,371,912.00	20,371,912.00	20,371,912.00	BOOK	4.409
TOTAL VARIABLE RATE(MUNI)QUARTERLY				2.064%	2.064%	34,597,182.30	34,597,182.30	34,597,182.30		3.688
						0.83%	0.84%	0.84%		
FFCB NOTE (45)	3133EG2S3	1/5/2017	1/3/2019	1.280%	1.301%	25,000,000.00	24,989,750.00	24,999,250.00	SUNGARD	0.008
FFCB NOTE (120)	3133EHUK7	8/14/2017	8/14/2019	1.400%	1.448%	25,000,000.00	24,976,450.00	24,818,750.00	SUNGARD	0.616
FFCB NOTE (170)	3133EHYJ6	9/12/2017	9/12/2019	1.375%	1.398%	25,000,000.00	24,988,500.00	24,786,000.00	SUNGARD	0.694
FFCB NOTE (250)	3133EHF32	10/10/2017	10/10/2019	1.500%	1.554%	25,000,000.00	24,973,350.00	24,780,250.00	SUNGARD	0.771
FFCB NOTE (30)	3133EHP98	11/6/2017	11/6/2019	1.600%	1.655%	25,000,000.00	24,973,000.00	24,774,250.00	SUNGARD	0.843
FFCB NOTE (260)	3133EE5Z9	8/28/2015	8/4/2020	1.750%	1.700%	10,000,000.00	10,023,500.00	9,870,700.00	SUNGARD	1.566
FFCB NOTE (20)	3133EJWP0	8/15/2018	8/10/2020	2.710%	2.685%	25,000,000.00	25,012,100.00	25,048,250.00	SUNGARD	1.569
FFCB NOTE (120)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	4,899,700.00	SUNGARD	1.803
FFCB NOTE (86)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	4,899,700.00	SUNGARD	1.803
FFCB NOTE (170)	3133EJ2R9	12/14/2018	12/14/2020	2.750%	2.847%	25,000,000.00	24,953,050.00	25,084,500.00	SUNGARD	1.912
FFCB NOTE (85)	3133EFYZ4	2/18/2016	2/10/2021	1.375%	1.495%	10,000,000.00	9,942,600.00	9,758,800.00	SUNGARD	2.074
FFCB NOTE (260)	3133EHTS2	8/9/2017	8/3/2022	1.900%	1.895%	20,000,000.00	20,004,700.00	19,476,800.00	SUNGARD	3.460
FFCB NOTE (120)	3133EHYR8	9/14/2017	9/13/2022	1.750%	1.849%	20,000,000.00	19,906,200.00	19,351,600.00	SUNGARD	3.580
FFCB NOTE (330)	3133EJ3Q0	12/21/2018	12/21/2023	2.875%	2.852%	20,000,000.00	20,021,380.00	20,157,200.00	SUNGARD	4.665
TOTAL FED FARM CREDIT BONDS(FFCB)				1.856%	1.889%	265,000,000.00	264,764,580.00	262,705,750.00		1.694
						6.37%	6.39%	6.35%		
FHLB NOTE (170)	3130AAS41	2/8/2017	2/8/2019	1.270%	1.278%	25,000,000.00	24,996,000.00	24,969,500.00	SUNGARD	0.107
FHLB NOTE (170)	3133782M2	3/2/2017	3/8/2019	1.500%	1.397%	25,000,000.00	25,051,150.00	24,956,000.00	SUNGARD	0.183
FHLB NOTE (20)	3130A2FH4	6/18/2014	6/14/2019	1.750%	1.853%	5,000,000.00	4,975,473.25	4,980,250.00	SUNGARD	0.452
FHLB NOTE (330)	3130A2FH4	8/1/2014	6/14/2019	1.750%	1.889%	5,000,000.00	4,967,750.00	4,980,250.00	SUNGARD	0.452
FHLB NOTE (120)	313379EE5	6/2/2017	6/14/2019	1.625%	1.389%	25,000,000.00	25,117,950.00	24,891,750.00	SUNGARD	0.452
FHLB NOTE (170)	3130ABRP3	7/12/2017	7/12/2019	1.450%	1.491%	25,000,000.00	24,979,875.00	24,848,000.00	SUNGARD	0.527
FHLB NOTE (120)	313383VN8	9/15/2014	9/13/2019	2.000%	1.884%	10,000,000.00	10,055,231.70	9,954,700.00	SUNGARD	0.695
FHLB NOTE (330)	313383VN8	10/20/2014	9/13/2019	2.000%	1.653%	10,000,000.00	10,162,300.00	9,954,700.00	SUNGARD	0.695
FHLB NOTE (120)	3130A0JR2	12/16/2014	12/13/2019	2.375%	1.713%	10,000,000.00	10,315,650.00	9,974,800.00	SUNGARD	0.944
FHLB NOTE (170)	3130A0JR2	12/6/2017	12/13/2019	2.375%	1.889%	25,000,000.00	25,239,475.00	24,937,000.00	SUNGARD	0.944
FHLB NOTE (20)	313378J77	4/23/2015	3/13/2020	1.875%	1.455%	10,000,000.00	10,197,500.00	9,914,500.00	SUNGARD	1.186
FHLB NOTE (120)	313383HU8	6/12/2015	6/12/2020	1.750%	1.903%	10,000,000.00	9,927,290.00	9,884,600.00	SUNGARD	1.434

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 12/31/2018

DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
FHLB NOTE (45)	313383HU8	7/14/2015	6/12/2020	1.750%	1.851%	10,000,000.00	9,952,800.00	9,884,600.00	SUNGARD	1.434
FHLB NOTE (330)	3130A5Z77	9/28/2015	7/29/2020	1.830%	1.600%	10,000,000.00	10,106,700.00	9,886,200.00	SUNGARD	1.551
FHLB NOTE (170)	3130AF2D8	10/4/2018	10/15/2020	2.860%	2.861%	25,000,000.00	24,999,325.00	25,162,750.00	SUNGARD	1.744
FHLB NOTE (45)	3130AABG2	12/16/2016	11/29/2021	1.875%	2.228%	20,000,000.00	19,670,800.00	19,639,000.00	SUNGARD	2.842
FHLB NOTE (170)	313378CR0	3/13/2017	3/11/2022	2.250%	2.129%	20,000,000.00	20,114,200.00	19,761,200.00	SUNGARD	3.080
FHLB NOTE (120)	313379Q69	6/13/2017	6/10/2022	2.125%	1.888%	20,000,000.00	20,225,000.00	19,661,200.00	SUNGARD	3.334
FHLB NOTE (120)	3130ABS23	7/14/2017	7/14/2022	2.000%	2.000%	20,000,000.00	20,000,000.00	19,591,600.00	SUNGARD	3.400
FHLB NOTE (170)	3130A3KM5	12/12/2017	12/9/2022	2.500%	2.240%	20,000,000.00	20,243,840.00	19,869,600.00	SUNGARD	3.771
FHLB NOTE (86)	313383YJ4	11/27/2018	9/8/2023	3.375%	3.038%	20,000,000.00	20,297,200.00	20,600,400.00	SUNGARD	4.332
TOTAL FED HOME LOAN BANKS				2.039%	1.907%	350,000,000.00	351,595,509.95	348,302,600.00		1.710
						8.41%	8.49%	8.42%		
FNMA NOTE (330)	3135G0ZA4	2/21/2014	2/19/2019	1.875%	1.724%	10,000,000.00	10,071,800.00	9,992,200.00	SUNGARD	0.137
FNMA NOTE (330)	3135G0ZY2	11/26/2014	11/26/2019	1.750%	1.836%	10,000,000.00	9,958,950.00	9,919,500.00	SUNGARD	0.898
FNMA NOTE (20)	3135G0A78	1/30/2015	1/21/2020	1.625%	1.431%	10,000,000.00	10,092,965.20	9,900,500.00	SUNGARD	1.044
FNMA NOTE (120)	3135G0A78	2/13/2015	1/21/2020	1.625%	1.658%	10,000,000.00	9,984,400.00	9,900,500.00	SUNGARD	1.043
FNMA (330)	3135G0UU5	3/24/2015	3/6/2020	1.750%	1.544%	10,000,000.00	10,097,580.00	9,904,000.00	SUNGARD	1.168
FNMA NOTE (120)	3135G0H55	12/28/2015	12/28/2020	1.875%	1.836%	10,000,000.00	10,018,400.00	9,872,000.00	SUNGARD	1.964
FNMA NOTE (20)	3135G0Q89	10/13/2016	10/7/2021	1.375%	1.497%	20,000,000.00	19,883,440.00	19,398,800.00	SUNGARD	2.716
FNMA NOTE (45)	3135G0Q89	11/16/2016	10/7/2021	1.375%	1.775%	20,000,000.00	19,626,600.00	19,398,800.00	SUNGARD	2.716
FNMA NOTE (45)	3135G0S38	1/17/2017	1/5/2022	2.000%	2.043%	20,000,000.00	19,959,800.00	19,704,000.00	SUNGARD	2.909
FNMA NOTE (120)	3135G0T45	5/9/2017	4/5/2022	1.875%	2.005%	20,000,000.00	19,878,800.00	19,597,600.00	SUNGARD	3.165
FNMA NOTE (330)	3135G0T78	10/18/2017	10/5/2022	2.000%	2.031%	20,000,000.00	19,970,560.00	19,622,000.00	SUNGARD	3.625
FNMA NOTE (330)	3135G0T78	11/6/2017	10/5/2022	2.000%	2.065%	20,000,000.00	19,939,400.00	19,622,000.00	SUNGARD	3.625
TOTAL FED NAT MORT ASSOC				1.765%	1.825%	180,000,000.00	179,482,695.20	176,831,900.00		2.428
						4.33%	4.33%	4.27%		
FHLB DISC NOTE (86)	313384AB5	12/31/2018	1/2/2019	2.100%	2.100%	50,000,000.00	49,994,166.67	50,000,000.00	SUNGARD	0.005
FHLB DISC NOTE (86)	313384AB5	12/31/2018	1/2/2019	2.100%	2.100%	30,000,000.00	29,996,500.00	30,000,000.00	SUNGARD	0.005
FHLB D.N. (260)	313384BH1	9/24/2018	2/1/2019	2.250%	2.268%	100,000,000.00	99,187,500.00	99,800,000.00	SUNGARD	0.088
FHLB D.N. (120)	313384BH1	9/27/2018	2/1/2019	2.250%	2.268%	100,000,000.00	99,206,250.00	99,800,000.00	SUNGARD	0.088
FHLB D.N. (260)	313384HA0	12/28/2018	6/18/2019	2.430%	2.459%	15,000,000.00	14,825,850.00	14,828,100.00	SUNGARD	0.463
FHLB D.N. (260)	313384HB8	12/28/2018	6/19/2019	2.430%	2.459%	15,000,000.00	14,824,837.50	14,827,050.00	SUNGARD	0.465
TOTAL FHLB DISC NOTES				2.228%	2.243%	310,000,000.00	308,035,104.17	309,255,150.00		0.103
						7.45%	7.44%	7.47%		

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FHLMC NOTE (120)	3137EACA5	3/27/2014	3/27/2019	3.750%	1.832%	5,000,000.00	5,456,250.00	5,015,400.00	SUNGARD	0.235
FHLMC NOTE (120)	3137EADG1	5/30/2014	5/30/2019	1.750%	1.655%	10,000,000.00	10,045,460.00	9,968,300.00	SUNGARD	0.411
FHLMC NOTE (85)	3137EADK2	8/20/2014	8/1/2019	1.250%	1.727%	5,000,000.00	4,887,300.00	4,958,400.00	SUNGARD	0.580
FHLMC NOTE (170)	3137EAEE5	1/4/2018	1/17/2020	1.500%	1.985%	25,000,000.00	24,759,250.00	24,719,500.00	SUNGARD	1.033
FHLMC NOTE (120)	3137EADR7	5/20/2015	5/1/2020	1.375%	1.625%	10,000,000.00	9,881,500.00	9,845,600.00	SUNGARD	1.323
FHLMC NOTE (170)	3137EAEC9	8/17/2016	8/12/2021	1.125%	1.314%	10,000,000.00	9,908,900.00	9,658,100.00	SUNGARD	2.572
TOTAL FHLMC				1.633%	1.745%	65,000,000.00	64,938,660.00	64,165,300.00		1.115
						1.56%	1.57%	1.55%		
IBRD NOTE (20)	459058DL4	4/11/2017	3/15/2019	1.876%	1.412%	25,000,000.00	25,219,750.00	24,969,250.00	SUNGARD	0.203
IADB NOTE (45)	458182DX7	5/8/2017	5/13/2019	1.000%	1.438%	25,000,000.00	24,783,500.00	24,848,250.00	SUNGARD	0.364
IADB NOTE (45)	4581X0BL1	2/13/2018	2/14/2020	3.875%	2.255%	25,000,000.00	25,788,750.00	25,342,250.00	SUNGARD	1.091
IBRD NOTE (20)	459058FA6	3/8/2018	3/30/2020	1.376%	2.362%	25,000,000.00	24,506,925.00	24,630,750.00	SUNGARD	1.237
IFC NOTE (45)	45950VLS3	4/12/2018	4/9/2020	2.460%	2.460%	25,000,000.00	25,000,000.00	24,929,250.00	SUNGARD	1.254
IADB NOTE (20)	4581X0CX4	5/9/2018	5/12/2020	1.625%	2.626%	25,000,000.00	24,513,471.25	24,679,500.00	SUNGARD	1.352
IADB NOTE (170)	4581X0CX4	6/5/2018	5/12/2020	1.625%	2.599%	25,000,000.00	24,543,200.00	24,679,500.00	SUNGARD	1.352
IFC NOTE (170)	45950VLZ7	7/20/2018	7/20/2020	2.690%	2.732%	25,000,000.00	24,979,650.00	24,979,650.00	SUNGARD	1.513
IBRD NOTE (45)	459058GA5	9/10/2018	9/4/2020	1.626%	2.735%	25,000,000.00	24,468,150.00	24,601,500.00	SUNGARD	1.651
IADB NOTE (45)	4581X0CD8	11/12/2015	11/9/2020	2.125%	1.887%	10,000,000.00	10,112,900.00	9,906,700.00	SUNGARD	1.824
IFC NOTE (170)	45950VMQ6	11/13/2018	11/13/2020	3.000%	3.038%	25,000,000.00	24,981,600.00	25,118,750.00	SUNGARD	1.823
IBRD NOTE (45)	45905UUY8	2/4/2016	2/4/2021	1.550%	1.550%	10,000,000.00	10,000,000.00	9,785,700.00	SUNGARD	2.054
IBRD NOTE (45)	459058EW9	3/9/2016	3/9/2021	1.626%	1.667%	10,000,000.00	9,979,880.00	9,802,200.00	SUNGARD	2.149
IBRD NOTE(45)	459058EW9	4/22/2016	3/9/2021	1.626%	1.413%	10,000,000.00	10,099,780.00	9,802,200.00	SUNGARD	2.149
IBRD NOTE (170)	459058FH1	5/24/2016	5/24/2021	1.376%	1.376%	10,000,000.00	9,980,400.00	9,724,700.00	SUNGARD	2.363
IBRD NOTE (170)	459058FH1	6/17/2016	5/24/2021	1.376%	1.376%	10,000,000.00	10,030,300.00	9,724,700.00	SUNGARD	2.363
IBRD NOTE (170)	45905UXP4	7/26/2016	7/26/2021	1.300%	1.305%	10,000,000.00	9,997,500.00	9,675,800.00	SUNGARD	2.521
IADB NOTE (170)	4581X0CV8	9/16/2016	9/14/2021	1.250%	1.439%	20,000,000.00	19,818,800.00	19,304,400.00	SUNGARD	2.656
IBRD NOTE (85)	459058DY6	2/15/2017	2/10/2022	1.626%	2.177%	20,000,000.00	19,481,600.00	19,389,200.00	SUNGARD	3.024
IBRD NOTE (170)	45905UH23	4/27/2017	4/27/2022	1.930%	1.942%	20,000,000.00	19,989,000.00	19,989,000.00	SUNGARD	3.223
IADB NOTE (170)	4581X0DA3	1/18/2018	1/18/2023	2.500%	2.482%	20,000,000.00	20,016,840.00	19,875,600.00	SUNGARD	3.831
IADB NOTE (170)	4581X0DA3	2/16/2018	1/18/2023	2.500%	2.788%	20,000,000.00	19,736,200.00	19,875,600.00	SUNGARD	3.830
IBRD NOTE (170)	45905UT53	3/20/2018	3/8/2023	2.720%	2.824%	20,000,000.00	19,904,260.00	19,998,000.00	SUNGARD	3.951
IBRD NOTE (45)	459058FF5	5/11/2018	4/19/2023	1.750%	2.941%	20,000,000.00	18,912,000.00	19,295,400.00	SUNGARD	4.142
IFC NOTE (170)	45950VLV6	4/20/2018	4/20/2023	2.825%	2.825%	20,000,000.00	20,000,000.00	20,000,000.00	SUNGARD	4.060
IADB NOTE (45)	45818WBW5	6/22/2018	6/15/2023	2.975%	2.975%	20,000,000.00	20,000,000.00	20,238,800.00	SUNGARD	4.203
IADB NOTE (170)	45818WBX3	7/26/2018	7/20/2023	2.870%	2.965%	20,000,000.00	19,912,860.00	20,151,800.00	SUNGARD	4.245
IFC NOTE (170)	45950KCP3	8/28/2018	7/31/2023	2.875%	2.869%	20,000,000.00	20,005,580.00	20,164,600.00	SUNGARD	4.276
IADB NOTE (170)	45818WBY1	9/11/2018	8/16/2023	2.960%	2.946%	20,000,000.00	20,012,400.00	20,191,800.00	SUNGARD	4.309

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IBRD NOTE (170)	459058GL1	10/9/2018	9/27/2023	3.000%	3.187%	20,000,000.00	19,829,440.00	20,386,800.00	SUNGARD	4.417
TOTAL SUPRANATIONALS				2.203%	2.385%	580,000,000.00	576,604,736.25	576,061,650.00		2.503
						13.94%	13.92%	13.92%		
CP-TORONTO (20)	89116FN22	8/14/2018	1/2/2019	2.310%	2.331%	30,000,000.00	29,728,575.00	29,997,875.00	SUNGARD	0.005
CP-TORONTO (20)	89116FN89	8/20/2018	1/8/2019	2.300%	2.321%	20,000,000.00	19,819,833.33	19,990,083.33	SUNGARD	0.022
CP-TORONTO (20)	89116FNA4	9/5/2018	1/10/2019	2.280%	2.298%	15,000,000.00	14,879,350.00	14,990,437.50	SUNGARD	0.027
CP-BK OF MONTREAL(45)	06366HNB9	8/17/2018	1/11/2019	2.275%	2.296%	30,000,000.00	29,721,312.50	29,978,750.00	SUNGARD	0.030
CP-CIBC (120)	13607FNB8	8/17/2018	1/11/2019	2.270%	2.291%	25,000,000.00	24,768,270.83	24,982,291.67	SUNGARD	0.030
CHEVRON (85)	16677KNR0	9/17/2018	1/25/2019	2.220%	2.238%	50,000,000.00	49,599,166.67	49,915,000.00	SUNGARD	0.068
CP -TORONTO (20)	89116FP12	10/1/2018	2/1/2019	2.430%	2.450%	35,000,000.00	34,709,412.50	34,923,145.83	SUNGARD	0.088
CP-TOYOTA (270)	89233HP40	10/3/2018	2/4/2019	2.400%	2.420%	20,000,000.00	19,834,666.67	19,951,833.33	SUNGARD	0.096
CP-TOYOTA (270)	89233HP40	10/4/2018	2/4/2019	2.400%	2.420%	20,000,000.00	19,836,000.00	19,951,833.33	SUNGARD	0.096
CP-TOYOTA (270)	89233HP57	10/9/2018	2/5/2019	2.410%	2.429%	30,000,000.00	29,761,008.33	29,925,625.00	SUNGARD	0.099
CP-TOYOTA (270)	89233HP81	10/10/2018	2/8/2019	2.420%	2.440%	15,000,000.00	14,877,991.67	14,959,625.00	SUNGARD	0.107
CP-APPLE (85)	03785EPD0	10/17/2018	2/13/2019	2.320%	2.338%	15,000,000.00	14,884,966.67	14,954,312.50	SUNGARD	0.120
CP-APPLE (85)	03785EPF5	10/17/2018	2/15/2019	2.320%	2.338%	15,000,000.00	14,883,033.33	14,952,187.50	SUNGARD	0.126
CP-TORONTO (20)	89116FPL8	10/18/2018	2/20/2019	2.450%	2.471%	15,000,000.00	14,872,395.83	14,946,875.00	SUNGARD	0.140
CP-APPLE (85)	03785EPR9	10/24/2018	2/25/2019	2.380%	2.400%	10,000,000.00	9,918,022.22	9,961,041.67	SUNGARD	0.153
CP-TOYOTA (270)	89233HQ15	10/25/2018	3/1/2019	2.540%	2.563%	35,000,000.00	34,686,380.56	34,853,729.17	SUNGARD	0.164
CP-APPLE (85)	03785EQ49	10/29/2018	3/4/2019	2.400%	2.420%	25,000,000.00	24,790,000.00	24,885,902.78	SUNGARD	0.172
CP-TOYOTA (270)	89233HQ56	10/30/2018	3/5/2019	2.570%	2.593%	10,000,000.00	9,910,050.00	9,953,625.00	SUNGARD	0.175
CP-BK OF MONTREAL (45)	06366HQ59	10/30/2018	3/5/2019	2.480%	2.502%	15,000,000.00	14,869,800.00	14,930,437.50	SUNGARD	0.175
CP-TORONTO (20)	89116FQ60	10/30/2018	3/6/2019	2.480%	2.502%	15,000,000.00	14,868,766.67	14,929,333.33	SUNGARD	0.178
CP-TOYOTA (270)	89233HQD9	11/6/2018	3/13/2019	2.610%	2.634%	20,000,000.00	19,815,850.00	19,895,472.22	SUNGARD	0.197
CP-APPLE (85)	03785EQE7	11/6/2018	3/14/2019	2.410%	2.431%	15,000,000.00	14,871,466.67	14,920,500.00	SUNGARD	0.200
CP-CIBC (120)	13607FS15	11/21/2018	5/1/2019	2.680%	2.710%	90,000,000.00	88,921,300.00	89,163,000.00	SUNGARD	0.331
CP-TOYOTA (270)	89233HS21	11/26/2018	5/2/2019	2.770%	2.804%	20,000,000.00	19,758,394.44	19,812,450.00	SUNGARD	0.334
CP-TORONTO (20)	89116FS27	12/4/2018	5/2/2019	2.750%	2.782%	25,000,000.00	24,715,451.39	24,765,562.50	SUNGARD	0.334
CP-JP MORGAN (23)	46640QS69	11/29/2018	5/6/2019	2.820%	2.855%	25,000,000.00	24,690,583.33	24,757,812.50	SUNGARD	0.345
CP-JP MORGAN (23)	46640QS77	11/29/2018	5/7/2019	2.820%	2.856%	50,000,000.00	49,377,250.00	49,511,750.00	SUNGARD	0.348
CP-JP MORGAN (23)	46640QS85	11/29/2018	5/8/2019	2.820%	2.856%	25,000,000.00	24,686,666.67	24,753,937.50	SUNGARD	0.350
CP-JP MORGAN (23)	46640QSE2	12/4/2018	5/14/2019	2.820%	2.856%	40,000,000.00	39,495,533.33	39,587,700.00	SUNGARD	0.367
CP-BK OF MONTREAL (45)	06366HSH1	12/3/2018	5/17/2019	2.790%	2.826%	120,000,000.00	118,465,500.00	118,735,200.00	SUNGARD	0.375
CP-JP MORGAN (23)	46640QSL6	12/4/2018	5/20/2019	2.820%	2.857%	40,000,000.00	39,476,733.33	39,569,100.00	SUNGARD	0.383
CP-BK OF MONTREAL(45)	06366HSP3	12/6/2018	5/23/2019	2.775%	2.811%	20,000,000.00	19,741,000.00	19,779,900.00	SUNGARD	0.392
CP-TORONTO (20)	89116FT34	12/7/2018	6/3/2019	2.820%	2.860%	30,000,000.00	29,581,700.00	29,644,275.00	SUNGARD	0.422
CP-APPLE (85)	03785ET46	12/10/2018	6/4/2019	2.680%	2.716%	45,000,000.00	44,410,400.00	44,462,925.00	SUNGARD	0.424

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CP-TOYOTA (270)	89233HT53	12/10/2018	6/5/2019	2.810%	2.849%	20,000,000.00	19,723,683.33	19,759,750.00	SUNGARD	0.427
CP-TORONTO (20)	89116FT67	12/28/2018	6/6/2019	2.840%	2.876%	15,000,000.00	14,810,666.67	14,818,650.00	SUNGARD	0.430
CP-CIBC (120)	13607FT71	12/12/2018	6/7/2019	2.780%	2.819%	30,000,000.00	29,589,950.00	29,634,975.00	SUNGARD	0.433
CP-BK OF MONTREAL(45)	06366HTA5	12/20/2018	6/10/2019	2.820%	2.859%	10,000,000.00	9,865,266.67	9,876,000.00	SUNGARD	0.441
CP-TORONTO (20)	89116FTB6	12/20/2018	6/11/2019	2.850%	2.890%	10,000,000.00	9,863,041.67	9,875,225.00	SUNGARD	0.444
CP-JP MORGAN (23)	46640QTE1	12/20/2018	6/14/2019	2.900%	2.942%	15,000,000.00	14,787,333.33	14,809,350.00	SUNGARD	0.452
CP-BK OF MONTREAL (45)	06366HTL1	12/28/2018	6/20/2019	2.800%	2.838%	15,000,000.00	14,797,000.00	14,802,375.00	SUNGARD	0.468
TOTAL COMMERCIAL PAPER DISC				2.609%	2.638%	1,125,000,000.00	1,112,663,773.61	1,116,869,854.16		0.261
						27.05%	26.86%	26.98%		
CD-BK OF NOVA SCOTIA (1542)	06417GX78	8/8/2018	1/2/2019	2.400%	2.400%	25,000,000.00	25,000,000.00	24,999,939.74	SUNGARD	0.005
CD-BK OF NOVA SCOTIA(1542)	06417GX94	8/9/2018	1/2/2019	2.400%	2.400%	25,000,000.00	25,000,000.00	24,999,939.96	SUNGARD	0.005
CD-SVENSKA (260)	86958JR43	8/16/2018	1/2/2019	2.255%	2.250%	40,000,000.00	40,000,765.57	39,999,587.24	SUNGARD	0.005
CD-SWEDBANK (260)	87019VQJ9	8/23/2018	1/8/2019	2.220%	2.220%	50,000,000.00	50,000,000.00	49,997,563.53	SUNGARD	0.022
CD-SVENSKA (260)	86958JS75	8/29/2018	1/8/2019	2.275%	2.270%	35,000,000.00	35,000,636.37	34,998,725.41	SUNGARD	0.022
CD-ROYAL BK OF CANADA(260)	78012UHA6	9/7/2018	1/14/2019	2.330%	2.330%	40,000,000.00	40,000,000.00	39,998,321.39	SUNGARD	0.038
CD-CANADIAN IMPERIAL(120)	13606BD45	9/13/2018	1/17/2019	2.240%	2.240%	50,000,000.00	50,000,000.00	49,995,367.76	SUNGARD	0.047
CD-ROYAL BK OF CANADA(260)	78012UGT6	9/4/2018	1/25/2019	2.300%	2.300%	50,000,000.00	50,000,000.00	49,995,207.91	SUNGARD	0.068
CD-SWEDBANK (120)	87019VSF5	10/11/2018	2/7/2019	2.430%	2.430%	25,000,000.00	25,000,000.00	24,999,914.95	SUNGARD	0.104
CD-SKANDINAVISKA (120)	83050F2Y6	10/12/2018	2/7/2019	2.450%	2.450%	25,000,000.00	25,000,000.00	25,000,442.85	SUNGARD	0.104
CD-SKANDINAVISKA (260)	83050F3A7	10/15/2018	2/11/2019	2.450%	2.450%	25,000,000.00	25,000,000.00	25,000,503.70	SUNGARD	0.115
CD-SKANDINAVISKA (120)	83050F3B5	10/16/2018	2/14/2019	2.460%	2.460%	35,000,000.00	35,000,000.00	35,001,196.54	SUNGARD	0.123
CD-SWEDBANK (260)	87019VSR9	10/22/2018	2/21/2019	2.460%	2.460%	30,000,000.00	30,000,000.00	30,001,227.43	SUNGARD	0.142
CD-SVENSKA (260)	86958JW39	10/19/2018	2/22/2019	2.465%	2.460%	30,000,000.00	30,000,520.52	30,001,448.09	SUNGARD	0.145
CD-SWEDBANK (260)	87019VSS7	10/23/2018	2/22/2019	2.480%	2.480%	25,000,000.00	25,000,000.00	25,001,778.62	SUNGARD	0.145
CD-SVENSKA (120)	86958JW88	10/26/2018	3/1/2019	2.515%	2.510%	45,000,000.00	45,000,780.64	45,006,262.87	SUNGARD	0.164
CD-RABOBANK (280)	21685V6N4	11/2/2018	3/7/2019	2.630%	2.630%	45,000,000.00	45,000,000.00	45,016,391.73	SUNGARD	0.181
CD-RABOBANK (280)	21685V6L8	11/1/2018	3/8/2019	2.630%	2.630%	55,000,000.00	55,000,000.00	55,020,318.51	SUNGARD	0.183
CD-US BANK (240)	90333VB82	11/7/2018	3/18/2019	2.610%	2.610%	35,000,000.00	35,000,000.00	35,013,444.76	SUNGARD	0.211
CD-RABOBANK (280)	21685V6P9	11/8/2018	4/1/2019	2.690%	2.690%	35,000,000.00	35,000,000.00	35,000,828.35	SUNGARD	0.249
CD-RABOBANK (280)	21685V6Q7	11/9/2018	4/1/2019	2.690%	2.690%	25,000,000.00	25,000,000.00	25,000,604.20	SUNGARD	0.249
CD-US BANK (240)	90333VC24	11/13/2018	4/2/2019	2.670%	2.670%	25,000,000.00	25,000,000.00	24,999,396.84	SUNGARD	0.252
CD-SKANDINAVISKA (260)	83050F3T6	11/16/2018	4/3/2019	2.680%	2.680%	25,000,000.00	25,000,000.00	25,000,067.70	SUNGARD	0.255
CD-US BANK (240)	90333VC65	11/19/2018	4/5/2019	2.680%	2.680%	45,000,000.00	45,000,000.00	45,000,194.78	SUNGARD	0.260
CD-US BANK (240)	90333VC99	11/20/2018	4/5/2019	2.680%	2.680%	20,000,000.00	20,000,000.00	20,000,096.99	SUNGARD	0.260
CD-FIVE STAR BANK (CRA)		4/26/2018	4/25/2019	2.140%	2.140%	5,000,000.00	5,000,000.00	4,990,977.91	SUNGARD	0.315
CD-US BANK (240)	90333VD72	11/27/2018	5/3/2019	2.760%	2.760%	45,000,000.00	45,000,000.00	45,012,652.01	SUNGARD	0.337
CD-BANK OF THE WEST (CRA)		5/10/2018	5/10/2019	2.400%	2.400%	10,000,000.00	10,000,000.00	9,988,847.01	SUNGARD	0.356

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 12/31/2018

DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
CD-ROYAL BK CANADA(260)	78012UKA2	11/26/2018	5/17/2019	2.840%	2.840%	80,000,000.00	80,000,000.00	80,049,013.13	SUNGARD	0.375
CD-SKANDINAVISKA(120)	83050F4B4	12/7/2018	6/3/2019	2.860%	2.860%	25,000,000.00	25,000,000.00	25,019,551.70	SUNGARD	0.422
CD-SKANDINAVISKA(260)	83050F4E8	12/10/2018	6/3/2019	2.840%	2.840%	55,000,000.00	55,000,000.00	55,038,516.59	SUNGARD	0.422
CD-RABOBANK (280)	21685V7B9	12/18/2018	6/7/2019	2.790%	2.790%	35,000,000.00	35,000,000.00	35,017,811.40	SUNGARD	0.433
CD-US BANK (240)	90333VF39	12/28/2018	6/12/2019	2.670%	2.670%	35,000,000.00	35,000,000.00	34,999,906.98	SUNGARD	0.446
CD-ROYAL BK OF CANADA(260)	78012ULE3	12/27/2018	6/17/2019	2.780%	2.780%	30,000,000.00	30,000,000.00	30,015,096.44	SUNGARD	0.460
TOTAL CERT. OF DEPOSIT/THRIFT NOTES				2.553%	2.552%	1,185,000,000.00	1,185,002,703.10	1,185,181,145.02		0.203
						28.49%	28.60%	28.63%		
LAIF POOL		7/31/1997	1/31/2019	2.208%	2.208%	65,000,000.00	65,000,000.00	65,000,000.00	BOOK	0.085
TOTAL PASSBOOK ACCOUNTS				2.208%	2.208%	65,000,000.00	65,000,000.00	65,000,000.00		0.085
						1.56%	1.57%	1.57%		
	Grand Total			2.349%	2.378%	4,159,597,182.30	4,142,684,944.58	4,138,970,531.48		0.892