NEW ISSUE – BOOK-ENTRY ONLY **RATING: Moody's: "Aaa"**
(See "MISCELLANEOUS – Rating.")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Refunding Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Refunding Bonds. See "TAX MATTERS."

$113,640,000
SEQUOIA UNION HIGH SCHOOL DISTRICT
(County of San Mateo, State of California)
2020 GENERAL OBLIGATION REFUNDING BONDS
(FEDERALLY TAXABLE)

Dated: Date of Delivery **Due: July 1, as shown on the inside cover**

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Sequoia Union High School District 2020 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds") are being issued by the Sequoia Union High School District (the "District"), located in the County of San Mateo (the "County") to: (i) refund, on an advance basis, a portion of the District's 2012 General Obligation Refunding Bonds (the "2012 Bonds"), 2014 General Obligation Refunding Bonds (the "2014 Bonds"), and 2015 General Obligation Refunding Bonds (the "2015 Bonds") and (ii) pay costs of issuance of the Refunding Bonds. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS."

The outstanding 2012 Bonds, 2014 Bonds and 2015 Bonds to be refunded and defeased are collectively referred to herein as the "Refunded Bonds."

The Refunding Bonds will be issued as current interest Bonds. Interest on the Refunding Bonds is payable commencing on July 1, 2020, and thereafter on each July 1 and January 1 to maturity. Principal of the Refunding Bonds is payable on July 1 in each of the years and in the amounts set forth in the Maturity Schedule on the inside cover page of this Official Statement. Payments of principal of and interest on the Refunding Bonds will be made by the Paying Agent, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"), to The Depository Trust Company, New York, New York ("DTC"), for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Refunding Bonds. See "THE REFUNDING BONDS – Payment of Principal and Interest."

The Refunding Bonds will be issued in book-entry form only, and initially will be issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interests in the Refunding Bonds. See "THE REFUNDING BONDS – Form and Registration."

The Refunding Bonds are subject to redemption prior to maturity. See "THE REFUNDING BONDS – Redemption."

MATURITY SCHEDULE
See Inside Cover

The Refunding Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to approval of their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel and for the Underwriters by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California. It is anticipated that the Refunding Bonds, in book-entry form, will be available for delivery through DTC in New York, New York, on or about February 27, 2020.

Citigroup **Piper Sandler & Co.**

This Official Statement is dated January 30, 2020.

MATURITY SCHEDULE

$113,640,000
SEQUOIA UNION HIGH SCHOOL DISTRICT
(County of San Mateo, State of California)
2020 GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY TAXABLE)

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield*	CUSIP† (817409)
2020	$ 1,275,000	1.447%	1.447%	M69
2021	1,390,000	1.497	1.497	M77
2022	1,425,000	1.527	1.527	M85
2023	3,815,000	1.600	1.600	M93
2024	3,870,000	1.665	1.665	N27
2025	12,990,000	1.735	1.735	N35
2026	9,145,000	1.831	1.831	N43
2027	6,490,000	1.951	1.951	N50
2028	7,390,000	2.043	2.043	N68
2029	2,340,000	2.103	2.103	N76
2030[C]	8,865,000	2.163	2.163	N84
2031[C]	9,055,000	2.263	2.263	N92
2032[C]	11,385,000	2.363	2.363	P25
2033[C]	11,125,000	2.463	2.463	P33
2034[C]	11,395,000	2.563	2.563	P41
2035[C]	11,685,000	2.613	2.613	P58

* Yields certified by the Underwriters. The District takes no responsibility for the accuracy therefor.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the County, the Underwriters or their agents or counsel assumes responsibility for the accuracy of such numbers.

[C] Subject to optional redemption on July 1, 2029.

SEQUOIA UNION HIGH SCHOOL DISTRICT

Board of Trustees

Allen Weiner
President

Alan Sarver
Vice President

Carrie Du Bois
Clerk

Georgia Jack
Trustee

Christopher Thomsen
Trustee

Andres Raddavero
Student Trustee

Kylie Wong
Student Trustee

District Administration

Mary Streshly, Ed.D.
Superintendent

Crystal Leach
Associate Superintendent, Administrative Services

County of San Mateo - Board of Supervisors

Warren Slocum – District 4
President

David Canepa – District 5
Vice-President

David Pine – District 1
Member

Carole Groom – District 2
Member

Don Horsley – District 3
Member

County Administration

Sandie Arnott
Treasurer-Tax Collector

Municipal Advisor

Keygent LLC
El Segundo, California

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Paying Agent and Escrow Agent

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

Verification Agent

Causey Demgen & Moore, P.C.
Denver, Colorado

This Official Statement does not constitute an offering of any security other than the original offering of the Refunding Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Refunding Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption under Section 3(a)(2) thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The District maintains a website but the information contained therein is not incorporated in this Official Statement. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Refunding Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

In connection with this offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market prices of the Refunding Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Refunding Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriters.

TABLE OF CONTENTS

Page

INTRODUCTION 1
The District 1
THE REFUNDING BONDS 2
Authority for Issuance; Purpose 2
Form and Registration 2
Payment of Principal and Interest 3
Redemption 3
Defeasance 5
Unclaimed Moneys 5
Plan of Refunding 5
ESTIMATED SOURCES AND USES OF FUNDS 8
SCHEDULED DEBT SERVICE 9
Semi-Annual Debt Service 9
Outstanding Bonds 10
Aggregate Debt Service 11
SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS 12
Security for the Refunding Bonds 12
Statutory Lien on Taxes (Senate Bill 222) 12
Pledge of Tax Revenues 12
Property Taxation System 13
Assessed Valuation of Property Within the District 13
Tax Rates 20
Tax Collections and Delinquencies 21
TAX MATTERS 24
U.S. Holders 25
Non-U.S. Holders 26
Foreign Account Tax Compliance Act ("FATCA") – U.S. Holders and Non-U.S. Holders 26
OTHER LEGAL MATTERS 27
Possible Limitations on Remedies; Bankruptcy 27
Legal Opinion 29
Legality for Investment in California 29
Continuing Disclosure 29
No Litigation 30
ESCROW VERIFICATION 30
MISCELLANEOUS 30
Rating 30
Professionals Involved in the Offering 31
Underwriting 31
Additional Information 32
APPENDIX A DISTRICT FINANCIAL AND OPERATING INFORMATION A-1
APPENDIX B FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019 ..... B-1
APPENDIX C ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE DISTRICT C-1
APPENDIX D PROPOSED FORM OF FINAL OPINION OF BOND COUNSEL D-1
APPENDIX E FORM OF CONTINUING DISCLOSURE CERTIFICATE E-1
APPENDIX F COUNTY OF SAN MATEO INVESTMENT POLICY AND INVESTMENT REPORT F-1
APPENDIX G BOOK-ENTRY ONLY SYSTEM G-1

[THIS PAGE INTENTIONALLY LEFT BLANK]

$113,640,000
SEQUOIA UNION HIGH SCHOOL DISTRICT
(County of San Mateo, State of California)
2020 GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY TAXABLE)

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto (this "Official Statement"), is provided to furnish information in connection with the Sequoia Union High School District 2020 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds" or the "Taxable Bonds"), as described more fully herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the Sequoia Union High School District (the "District"), the District has no obligation to update the information in this Official Statement. See "OTHER LEGAL MATTERS – Continuing Disclosure."

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

Quotations from and summaries and explanations of the Refunding Bonds, the District Resolution, the Paying Agent Agreement providing for the issuance of the Refunding Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

The District

The District is located on the San Francisco Peninsula in the County of San Mateo, California (the "County") and approximately 25 miles south of San Francisco. It serves students from the communities of Atherton, Belmont, East Palo Alto, Menlo Park, Portola Valley, Redwood City, San Carlos and Woodside.

The District operates four comprehensive high schools, one continuation high school, one dependent charter high school and one adult school. The District operates four comprehensive high schools, one continuation high school, one dependent charter high school and one adult school. For fiscal year 2019-20, approximately 9,094 students are enrolled in grades 9-12, including special education and continuing education students, and approximately 2,000 adults are enrolled at the adult school. Approximately 1,221 students are served in two independent charter high schools that also operate within the District's boundaries. The District currently employs approximately 926.1 full-time equivalent employees including certificated (credentialed teaching staff), classified (non-teaching), and management personnel. As of the 2019-20 First Interim Budget, the District has projected fiscal year 2019-20 general fund revenues of approximately $176.2 million and general fund expenditures of approximately $181.3 million. The total assessed valuation of taxable property in the District in fiscal year 2019-20 is approximately $102.7 billion.

The District is governed by a Board of Trustees consisting of five voting members and two nonvoting student members. The voting members are elected to four-year terms in staggered years, and the student members serve for one school year. The District's day-to-day operations are managed by a board-appointed Superintendent of Schools (the "Superintendent"). The Board of Trustees named Mary

Streshly, Ed.D. as the Superintendent effective July 1, 2017. Prior to her appointment as Superintendent, Dr. Streshly served as the Assistant Superintendent, Educational Services for Campbell Union High School District for nearly six years. Dr. Streshly has more than 25 years of teaching and school administration experience. Crystal Leach serves as Associate Superintendent, Administrative Services. Ms. Leach has more than eight years of experience in California school administration, most recently serving as the Chief Business Official for the Cabrillo Unified School District, which is also located in the County.

The District is a "community funded district," which means that it receives a minimal amount of financial support from the State. For additional information about the District's operations and finances, see APPENDIX A – "DISTRICT FINANCIAL AND OPERATING INFORMATION." For economic and demographic information about the area the District services, see APPENDIX C – "ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE DISTRICT."

THE REFUNDING BONDS

Authority for Issuance; Purpose

The Refunding Bonds are issued pursuant to the Constitution and laws of the State of California (the "State"), including the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "Government Code"), and other applicable provisions of law, including applicable provisions of the Education Code of the State (the "Education Code"), a paying agent agreement (the "Paying Agent Agreement") by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent"), dated as of February 1, 2020 and a resolution adopted by the Board of Trustees of the District on September 11, 2019 (the "District Resolution").

The Refunding Bonds will be used to (i) refund, on an advance basis, a portion of the District's outstanding 2012 General Obligation Refunding Bonds (the "2012 Bonds"), 2014 General Obligation Refunding Bonds (the "2014 Bonds") and 2015 General Obligation Refunding Bonds (the "2015 Bonds"), and (ii) pay costs of issuance of the Refunding Bonds.

The outstanding 2012 Bonds, 2014 Bonds and 2015 Bonds to be refunded and defeased are collectively referred to herein as the "Refunded Bonds." See "– Plan of Refunding."

Form and Registration

The Refunding Bonds will be issued in fully registered book-entry form only, as current interest Refunding Bonds without coupons, in denominations of $5,000 principal amount each or any integral multiple thereof. The Refunding Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Refunding Bonds. Registered ownership of the Refunding Bonds may not be transferred except as described in APPENDIX G. Purchases of Refunding Bonds under the DTC system must be made by or through a DTC participant, and ownership interests in Refunding Bonds or any transfer thereof will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Refunding Bonds, Beneficial Owners will not receive physical certificates representing their ownership interests. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

The Refunding Bonds will be dated the date of their delivery, and bear interest at the rates set forth on the inside cover page hereof, on January 1 and July 1 of each year, commencing on July 1, 2020 (each, an "Interest Payment Date"), until payment of the principal amount thereof, computed using a year of 360 days consisting of twelve 30-day months. Bonds authenticated and registered on any date prior to the close of business on June 15, 2020 will bear interest from the date of their delivery. Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Refunding Bond, interest is then in default on outstanding Refunding Bonds, such Refunding Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payment of interest on any Refunding Bond on each Interest Payment Date (or on the following business day, if the Interest Payment Date does not fall on a business day) will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof as of the preceding Record Date, such interest to be paid by check or draft mailed to such owner at such owner's address as it appears on such registration books or at such other address as the owner may have filed with the Paying Agent for that purpose on or before the Record Date. The owner of an aggregate principal amount of $1,000,000 or more of Refunding Bonds may request in writing to the Paying Agent that such owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the applicable Record Date.

Principal will be payable on July 1 of each year, commencing on July 1, 2020, or upon redemption prior to maturity, upon surrender of Refunding Bonds at such office of the Paying Agent as the Paying Agent shall designate. The interest, principal and premiums, if any, on the Refunding Bonds will be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the District (the "Interest and Sinking Fund") within the County treasury, consisting of *ad valorem* property taxes collected and held by the Treasurer-Tax Collector of the County (the "Treasurer-Tax Collector"), together with any net premium and accrued interest received upon issuance of the Refunding Bonds.

So long as all outstanding Refunding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal of, premium, if any, and interest on the Refunding Bonds and all notices with respect to such Refunding Bonds will be made and given, respectively, to such securities depository or its nominee and not to Beneficial Owners. So long as the Refunding Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer.

Redemption

Optional Redemption. The Refunding Bonds maturing on or before July 1, 2029 are not subject to redemption prior to their respective stated maturity dates. The Refunding Bonds maturing on and after July 1, 2030, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date thereafter, on or after July 1, 2029, at a redemption price equal to 100% of the principal amount of Refunding Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Selection of Refunding Bonds for Redemption. If less than all of the Refunding Bonds are called for redemption, such Refunding Bonds shall be redeemed in inverse order of maturities or as

otherwise directed by the District. Whenever less than all of the Refunding Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed will be determined by lot in any matter deemed fair by the Paying Agent. For purposes of such selection, each Refunding Bond will be deemed to consist of individual Refunding Bonds of $5,000 denominations each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of the Refunding Bonds is required to be mailed by the Paying Agent postage prepaid not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the respective Owners of Refunding Bonds at the addresses appearing on the bond registration books of the Paying Agent, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption will contain the following information: (i) the date of such notice; (ii) the name of the affected Refunding Bonds and the date of issue of the Refunding Bonds; (iii) the redemption date; (iv) the redemption price, if available; (v) the dates of maturity of the Refunding Bonds to be redeemed; (vi) if less than all of the Refunding Bonds are to be redeemed, the distinctive numbers of the Refunding Bonds of each maturity to be redeemed; (vii) in the case of Refunding Bonds redeemed in part only, the respective maturities or portions of the principal amount of the Refunding Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Refunding Bonds to be redeemed; and (ix) a statement that such Refunding Bonds must be surrendered by the Owners at the office of the Paying Agent designated for such purpose. The actual receipt by any Owner of any Refunding Bond of notice of such redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Refunding Bonds.

Rescission of Notice of Redemption. The District may rescind any redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Refunding Bonds so called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Refunding Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Conditional Notice. Any notice of optional redemption delivered hereunder may be conditioned on any fact or circumstance stated therein, and if such condition will not have been satisfied on or prior to the redemption date stated in such notice, said notice will be of no force and effect on and as of the stated redemption date, the redemption will be cancelled, and the District will not be required to redeem the Refunding Bonds that were the subject of the notice. The Paying Agent will give notice of such cancellation and the reason therefor in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Refunding Bond of notice of such cancellation will not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice will not affect the validity of the cancellation.

Effect of Notice of Redemption. When notice of redemption has been given substantially as provided for in the Paying Agent Agreement, and when the redemption price of the Refunding Bonds called for redemption is set aside for the purpose as described in the Paying Agent Agreement, the Refunding Bonds designated for redemption will become due and payable on the specified redemption date and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Refunding Bonds at the place specified in the notice of redemption, such Refunding Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The

owners of such Refunding Bonds so called for redemption after such redemption date will look for the payment of such Refunding Bonds and the redemption premium thereon, if any, only to moneys on deposit for the purpose in the Interest and Sinking Fund of the District or the escrow fund established for such purpose. All Refunding Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

Defeasance

The District may pay and discharge any or all of the Refunding Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Refunding Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If at any time the District pays or causes to be paid or there is otherwise paid to the owners of any or all outstanding Refunding Bonds all of the principal, interest and premium, if any, represented by such Refunding Bonds when due, or as described above, or as otherwise provided by law, then such Owners will cease to be entitled to the obligation of the County to levy and collect taxes to pay the Refunding Bonds as described in the Paying Agent Agreement, and such obligation and all agreements and covenants of the District to such Owners hereunder will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by such Refunding Bonds, but only out of moneys on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment, provided, that the unclaimed moneys provisions described in the Paying Agent Agreement will apply in all events.

Unclaimed Moneys

Any money held in any fund created pursuant to this Paying Agent Agreement, or held by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Refunding Bonds and remaining unclaimed for two years after the principal of all of the Refunding Bonds has become due and payable (whether by maturity or upon prior redemption) will be transferred to the Interest and Sinking Fund for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Plan of Refunding

The Refunding Bonds will be issued to (i) refund and defease, on a current basis, a portion of the outstanding 2012 Bonds on July 1, 2022 (the "2012 Bonds Redemption Date"), (ii) refund and defease, on a current basis, a portion of the outstanding 2014 Bonds on July 1, 2024 (the "2014 Bonds Redemption Date"), (iii) refund and defease, on a current basis, a portion of the outstanding 2015 Bonds on July 1, 2024 (the "2015 Bonds Redemption Date") and (iv) pay costs of issuance of the Refunding Bonds. A portion of the proceeds from the Refunding Bonds will be deposited into an escrow fund (the "Escrow Fund"), to be established and maintained by The Bank of New York Mellon Trust Company, N.A., acting as escrow agent (the "Escrow Agent") under that certain escrow agreement, dated as of February 1, 2020 (the "Escrow Agreement"), by and between the District and the Escrow Agent. Such moneys will be used to purchase certain United States government obligations or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, the principal of and interest on which (together with any uninvested amount) will be

sufficient to enable the Escrow Agent to pay the interest due on the Refunded Bonds to be refunded to the respective redemption date and the respective redemption price. See "ESCROW VERIFICATION."

A portion of the proceeds of the Refunding Bonds will be retained by the Paying Agent in the Costs of Issuance Fund and used to pay costs associated with the issuance of the Refunding Bonds and the refunding of the Refunded Bonds. Any proceeds of sale of the Refunding Bonds not needed to fund the Escrow Fund or to pay costs of issuance of the Refunding Bonds will be transferred to the County Treasurer-Tax Collector for deposit in the District's Interest and Sinking Fund in the County treasury, and applied only for payment of principal of and interest on outstanding bonds of the District. Amounts deposited into the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Bonds, will be invested at the sole discretion of the County Treasurer-Tax Collector pursuant to law and the investment policy of the County. See APPENDIX F – "COUNTY OF SAN MATEO INVESTMENT POLICY AND INVESTMENT REPORT."

Causey Demgen & Moore, P.C., a Certified Public Accountant licensed to practice in the State, acting as verification agent (the "Verification Agent") with respect to the Escrow Fund, will verify the mathematical accuracy of the computations relating to the sufficiency of the moneys proposed to be deposited and invested in the Escrow Fund, together with earnings thereon, for the payment of interest on the Refunding Bonds to the respective redemption date.

The Refunded Bonds to be refunded by the Refunding Bonds are as follows:

Sequoia Union High School District
2012 General Obligation Refunding Bonds

Redemption Date: July 1, 2022
Redemption Price: 100%

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP No.* (817409)
2023	$2,365,000	4.000%	YV1
2024	2,455,000	4.000	YW9
2025	2,555,000	4.000	YX7
2026	2,660,000	4.000	YY5
2027	1,470,000	4.000	YZ2
2028	1,530,000	3.000	ZA6
2029	1,575,000	3.000	ZB4

Sequoia Union High School District
2014 General Obligation Refunding Bonds

Redemption Date: July 1, 2024
Redemption Price: 100%

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP No.* (817409)
2025	$ 5,175,000	5.000%	ZS7
2026	5,440,000	5.000	ZT5
2028	795,000	3.250	ZV0
2029	215,000	3.250	ZW8
2030	8,320,000	4.000	ZX6
2031	8,655,000	4.000	ZY4
2032	11,125,000	4.000	ZZ1
2033	11,045,000	4.000	A21
2034	11,485,000	4.000	A39
2035	11,945,000	4.000	A47

Sequoia Union High School District
2015 General Obligation Refunding Bonds

Redemption Date: July 1, 2024
Redemption Price: 100%

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP No.* (817409)
2025	$3,880,000	5.000%	D36
2027	4,185,000	5.000	D51
2028	4,375,000	5.000	D69

* CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriters or their respective agents or counsel assumes responsibility for the accuracy of such numbers.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount	$113,640,000.00
Total Sources:	$113,640,000.00
Uses of Funds	
Deposit to Escrow Fund	$113,206,006.10
Underwriters' Discount	207,279.36
Costs of Issuance[(1)]	226,714.54
Total Uses:	$113,640,000.00

[(1)] Includes fees of the Municipal Advisor, Bond Counsel, Disclosure Counsel, rating agencies, Paying Agent, Escrow Agent, Verification Agent, printer, and other miscellaneous expenses.

(Remainder of Page Intentionally Left Blank)

SCHEDULED DEBT SERVICE

Semi-Annual Debt Service

The semi-annual debt service payments on the Refunding Bonds are summarized in the table below, assuming no optional redemption.

SEQUOIA UNION HIGH SCHOOL DISTRICT
(County of San Mateo, State of California)
SEMI-ANNUAL DEBT SERVICE PAYMENTS

Payment Date Period Ending	Principal	Interest	Total Semi-Annual Debt Service
July 1, 2020	$ 1,275,000	$ 841,548.68	$ 2,116,548.68
January 1, 2021	-	1,212,378.30	1,212,378.30
July 1, 2021	1,390,000	1,212,378.30	2,602,378.30
January 1, 2022	-	1,201,974.15	1,201,974.15
July 1, 2022	1,425,000	1,201,974.15	2,626,974.15
January 1, 2023	-	1,191,094.28	1,191,094.28
July 1, 2023	3,815,000	1,191,094.28	5,006,094.28
January 1, 2024	-	1,160,574.28	1,160,574.28
July 1, 2024	3,870,000	1,160,574.28	5,030,574.28
January 1, 2025	-	1,128,356.53	1,128,356.53
July 1, 2025	12,990,000	1,128,356.53	14,118,356.53
January 1, 2026	-	1,015,668.28	1,015,668.28
July 1, 2026	9,145,000	1,015,668.28	10,160,668.28
January 1, 2027	-	931,945.80	931,945.80
July 1, 2027	6,490,000	931,945.80	7,421,945.80
January 1, 2028	-	868,635.85	868,635.85
July 1, 2028	7,390,000	868,635.85	8,258,635.85
January 1, 2029	-	793,147.00	793,147.00
July 1, 2029	2,340,000	793,147.00	3,133,147.00
January 1, 2030	-	768,541.90	768,541.90
July 1, 2030	8,865,000	768,541.90	9,633,541.90
January 1, 2031	-	672,666.93	672,666.93
July 1, 2031	9,055,000	672,666.93	9,727,666.93
January 1, 2032	-	570,209.60	570,209.60
July 1, 2032	11,385,000	570,209.60	11,955,209.60
January 1, 2033	-	435,695.83	435,695.83
July 1, 2033	11,125,000	435,695.83	11,560,695.83
January 1, 2034	-	298,691.45	298,691.45
July 1, 2034	11,395,000	298,691.45	11,693,691.45
January 1, 2035	-	152,664.53	152,664.53
July 1, 2035	11,685,000	152,664.53	11,837,664.53
Total	$113,640,000	$25,646,038.10	$139,286,038.10

Outstanding Bonds

General. In addition to the Refunding Bonds, the District has outstanding ten additional series of general obligation bonds, each of which is secured by *ad valorem* property taxes upon all property subject to taxation by the District. See APPENDIX A – "DISTRICT FINANCIAL AND OPERATING INFORMATION – District Debt Structure – *General Obligation Bonds*."

2008 Authorization. The District received authorization at an election held on February 5, 2008 to issue bonds of the District in an aggregate principal amount of $165,000,000 (the "2008 Authorization"). The District has issued three series of bonds under the 2008 Authorization, including the Sequoia Union High School District 2008 General Obligation Bonds (Election of 2008, Series A) in the aggregate principal amount of $74,000,000, the Sequoia Union High School District 2009 General Obligation Bonds (Election of 2008, Series B) in the aggregate principal amount of $40,000,000, and the Sequoia Union High School District 2011 General Obligation Bonds (Election of 2008, Series C) consisting of the Series C-1 Current Interest Bonds in the aggregate principal amount of $26,000,000 and the Series C-2 Federally Taxable Qualified School Construction Bonds in the aggregate principal amount of $25,000,000.

2014 Authorization. The District received authorization at an election held on June 3, 2014 to issue bonds of the District in an aggregate principal amount of $265,000,000 (the "2014 Authorization"). The District has issued two series of bonds under the 2014 Authorization, including the Sequoia Union High School District General Obligation Bonds, Election of 2014, Series 2014 in the aggregate principal amount of $112,000,000, the Sequoia Union High School District General Obligation Bonds, Election of 2014, Series 2016 in the aggregate principal amount of $120,000,000 and the Sequoia Union High School District General Obligation Bonds, Election of 2014, Series 2019 in the aggregate principal amount of $33,000,000.

Refunding Bonds. In addition, refunding bonds were issued (i) on May 22, 2003 (the "2003 Refunding Bonds") for the purpose of refunding a portion of the District's General Obligation Bonds, Election of 1996, Series 1997, (ii) on August 18, 2005 (the "2005 Refunding Bonds") for the purpose of refunding a portion of the District's General Obligation Bonds, Election of 1996, Series 1998, General Obligation Bonds, Election of 1996, Series 1999, and the District's General Obligation Bonds, Election of 2001, Series 2002; (iii) on December 20, 2005 (the "2005 Refunding Bonds Issue 2") for the purpose of refunding a portion of the District's General Obligation Bonds, Election of 2001, Series 2002 and General Obligation Bonds, Election of 2001, Series 2003; (iv) on December 21, 2006 (the "2006 Refunding Bonds") for the purpose of refunding a portion of the District's General Obligation Bonds, Election of 2001, General Obligation Bonds, Election of 2001, Series 2002 and General Obligation Bonds, Election of 2001, Series 2003; (v) on July 14, 2011 (the "2011 Refunding Bonds") for the purpose of refunding the District's outstanding General Obligation Bonds, Election of 2001, General Obligation Bonds, Election of 2001, Series 2002 and General Obligation Bonds, Election of 2001, Series 2003; (vi) on December 20, 2012 (the "2012 Refunding Bonds") for the purpose of refunding the District's outstanding 2003 General Obligation Refunding Bonds and General Obligation Bonds, Election of 2004, Series 2005 (the "Series 2005 Bonds"); (vii) on April 2, 2014 (the "2014 Refunding Bonds") for the purpose of refunding a portion of the District's 2005 General Obligation Bonds, General Obligation Bonds, Election of 2004, Series 2005B and 2006 General Obligation Refunding Bonds; (viii) on March 12, 2015 (the "2015 Refunding Bonds") for the purpose of refunding all of the District's remaining General Obligation Bonds, Election of 2004, Series 2005B, and a portion of the District's outstanding 2008 General Obligation Bonds (Election of 2008, Series A); and (ix) on September 22, 2016 (the "2016 Refunding Bonds") for the purpose of refunding a portion of the District's remaining outstanding 2005 General Obligation Refunding Bonds – Issue 2, 2006 General Obligation Refunding Bonds, 2008 General Obligation Bonds

(Election of 2008, Series A), 2009 General Obligation Bonds (Election of 2008, Series B), and 2011 General Obligation Bonds (Election of 2008, Series C) Series C-1.

Aggregate Debt Service

The following table summarizes the annual aggregate debt service requirements of all outstanding bonds of the District, including the Refunding Bonds, assuming no optional redemptions.

SEQUOIA UNION HIGH SCHOOL DISTRICT
(County of San Mateo, State of California)
AGGREGATE ANNUAL DEBT SERVICE[*]

Year Ending (July 1)	Outstanding Bonds[†]	Refunding Bonds	Aggregate Annual Debt Service
2020	$24,290,959	$ 2,116,549	$26,407,508
2021	46,659,669	3,814,757	50,474,425
2022	31,322,209	3,828,948	35,151,157
2023	29,435,309	6,197,189	35,632,497
2024	29,385,509	6,191,149	35,576,657
2025	31,287,609	15,246,713	46,534,322
2026	25,154,544	11,176,337	36,330,880
2027	28,014,569	8,353,892	36,368,460
2028	27,893,819	9,127,272	37,021,090
2029	33,954,219	3,926,294	37,880,513
2030	28,872,919	10,402,084	39,275,003
2031	29,513,075	10,400,334	39,913,409
2032	27,988,838	12,525,419	40,514,257
2033	23,931,950	11,996,392	35,928,342
2034	24,631,338	11,992,383	36,623,720
2035	9,576,463	11,990,329	21,566,792
2036	9,859,538	-	9,859,538
2037	10,155,150	-	10,155,150
2038	10,457,238	-	10,457,238
2039	10,776,625	-	10,776,625
2040	11,098,650	-	11,098,650
2041	11,435,050	-	11,435,050
2042	11,783,700	-	11,783,700
2043	8,928,000	-	8,928,000
Total:	$536,406,944	$139,286,038	$675,692,983

[*] Columns may not sum to totals due to rounding.
[†] Excludes debt service on the Refunded Bonds to be refunded.

SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS

Security for the Refunding Bonds

The interest, principal and premiums, if any, on the Refunding Bonds will, without any further action on the part of the District, the Owners or Beneficial Owners of the Refunding Bonds, be payable solely from moneys on deposit in the Interest and Sinking Fund, consisting of *ad valorem* property taxes collected and held by the Treasurer-Tax Collector, together with any net premium and accrued interest received upon issuance of the Refunding Bonds. In order to provide sufficient funds for repayment of principal and interest when due on the Refunding Bonds, the Board of Supervisors of the County is empowered and will be obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the County in the District's Interest and Sinking Fund, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the Refunding Bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

The District has pledged all revenues from the property taxes collected from the levy by the Board of Supervisors of the County for the payment of Bonds (as defined below) of the District and amounts on deposit in the Interest and Sinking Fund to the payment of the principal or redemption price of and interest on the Refunding Bonds. This pledge is valid and binding from the date of the District Resolution for the benefit of the Owners of the Refunding Bonds and successors thereto. The property taxes and amounts held in the Interest and Sinking Fund shall be immediately subject to this pledge, and the pledge constitutes a lien and security interest which shall immediately attach to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the Refunding Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The term "Bonds" for purpose of this pledge contained in the District Resolution means all bonds of the District heretofore or hereafter issued pursuant to voter approved measures of the District, as all such Bonds are required by State law to be paid from the Interest and Sinking Fund.

The District Resolution provides that this pledge is an agreement between the District and the bondholders to provide security for the Refunding Bonds in addition to any statutory lien that may exist,

and the Refunding Bonds and each of the other District Bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts levy property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well.

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

Assessed Valuation of Property Within the District

Under Proposition 13, an amendment to the State Constitution adopted in 1978, the county assessor's valuation of real property is established as shown on the fiscal year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year, or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than the market value of the property and of similar properties more recently sold. Likewise, changes in ownership of property and reassessment of such property to market value may lead to increases in aggregate assessed value greater than the actual rate of inflation or the 2% limit on inflation adjustments for properties that have not changed ownership. See APPENDIX A – "DISTRICT FINANCIAL AND OPERATING INFORMATION – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues."

Proposition 13 has had the effect of stabilizing assessed valuation such that it does not fluctuate as significantly as the market value of property, but instead gradually changes as longer owned residential properties are transferred and reassessed upon such transfer. Newer residences or those acquired in recent years prior to a downturn in the housing market may upon transfer substantially decrease in assessed value.

State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. State law also exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling provided that the owner files for such exemption. This exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

For assessment and tax collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." State law requires that the assessment roll be finalized by August 20 of each year.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on its outstanding general obligation bonds. The following table sets forth the taxable property assessed valuation in the District for fiscal years 2010-11 through 2019-20.

SEQUOIA UNION HIGH SCHOOL DISTRICT
(San Mateo County, California)
Assessed Valuation of Secured and Unsecured Property
Fiscal Years 2010-11 to 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual % Change
2010-11	$56,187,664,730	$6,746,910	$2,066,572,173	$ 58,260,983,813	-
2011-12	56,715,980,452	2,558,748	2,030,040,584	58,748,579,784	0.8%
2012-13	59,007,857,518	2,558,825	2,012,163,617	61,022,579,960	3.9
2013-14	63,055,786,738	2,437,769	2,247,192,239	65,305,416,746	7.0
2014-15	66,637,257,836	2,437,378	2,162,699,778	68,802,394,992	5.4
2015-16	72,402,791,693	3,168,109	2,437,105,370	74,843,065,172	8.8
2016-17	78,697,199,262	3,167,416	2,709,066,063	81,409,432,741	8.8
2017-18	85,621,714,636	3,167,155	3,061,538,746	88,686,420,537	8.9
2018-19	92,867,912,687	2,739,929	2,825,165,673	95,695,818,289	7.9
2019-20	99,769,661,227	3,076,993	2,908,296,440	102,681,034,660	7.3

Source: California Municipal Statistics, Inc.

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

Risk of Decline in Property Values; Earthquake Risk. Property values could be reduced by factors beyond the District's control, including an earthquake, or a depressed real estate market due to general economic conditions in the County, the region, and the State.

The District is located in a seismically active region. Active earthquake faults underlie both the District and the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area. They include the San Andreas fault, the Hayward fault, and the

Calaveras fault. On August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area.

In August 2016, the Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey, the California Geological Society and the Southern California Earthquake Center) issued a revised report that states there is a 72% chance that one or more earthquakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2043. Such earthquakes may be very destructive. Property within the City could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area's economic activity.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable, or religious purposes). Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Refunding Bonds. Issuance of additional bonds in the future might also cause the tax rate to increase.

Risk of Wildfire. In recent years, portions of California, including adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or the extent to which wildfires may impact the value of taxable property within the District.

Risk of Sea Level Changes and Flooding. In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "The Impacts of Sea-Level Rise on the California Coast." The paper posits that increases in sea level will be a significant consequence of climate change over the next century. The paper evaluated the population, infrastructure, and property at risk from projected sea-level rise if no actions are taken to protect the coast. The paper concluded that significant property in the State is at risk of flooding as a result of a 1.4 meter sea-level rise. The paper further estimates that the replacement value of this property totals nearly $100 billion (in year 2000 dollars). The District may be particularly vulnerable to impacts associated with sea-level rise due to extensive development on its coastline. A wide range of critical infrastructure, such as roads, airports, hospitals, schools, emergency facilities, wastewater treatment plants, power plants, and wetlands is also vulnerable. Continued development in vulnerable areas will put additional assets at risk and raise protection costs.

The District is unable to predict whether sea-level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the financial condition of the District and the local economy.

Bonding Capacity. As a high school district, the District may not issue bonds in excess of 1.25% of the assessed valuation of taxable property within its boundaries. The District's fiscal year 2019-20 gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately $2.6 billion and its net bonding capacity is approximately $2.1 billion (prior to the issuance of the Refunding Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table describes the percentage and value of the total assessed valuation of the property within the District's boundaries for fiscal year 2019-20.

SEQUOIA UNION HIGH SCHOOL DISTRICT
(San Mateo County, California)
2019-20 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Atherton	$11,664,530,505	11.36%	$11,664,530,505	100.00%
City of Belmont	7,577,085,486	7.38	7,577,085,486	100.00
City of East Palo Alto	3,505,461,400	3.41	3,505,461,400	100.00
City of Foster City	11,804,467	0.01	12,046,171,424	0.10
City of Menlo Park	20,827,684,078	20.28	20,827,684,078	100.00
City of Portola Valley	3,726,968,001	3.63	3,726,968,001	100.00
City of Redwood City	25,485,205,370	24.82	25,485,205,370	100.00
City of San Carlos	11,867,445,126	11.56	11,867,445,126	100.00
City of San Mateo	604,451,765	0.59	28,752,793,507	2.10
City of Woodside	6,688,077,228	6.51	6,688,077,228	100.00
Unincorporated San Mateo County	10,722,321,234	10.44	22,979,848,504	46.66
Total District	$102,681,034,660	100.00%		
San Mateo County	$102,681,034,660	100.00%	$239,314,124,190	42.91%

Source: California Municipal Statistics, Inc.

(Remainder of Page Intentionally Left Blank)

Assessed Valuation by Land Use. The following table sets forth a distribution of taxable property located in the District on the fiscal year 2019-20 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

SEQUOIA UNION HIGH SCHOOL DISTRICT
(San Mateo County, California)
2019-20 Assessed Valuation and Parcels by Land Use

Non-Residential:	2019-20 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total
Agricultural/Rural	$ 13,019,862	0.01%	53	0.07%
Commercial/Office	10,314,316,743	10.34	2,927	3.83
Industrial	4,886,301,548	4.90	1,801	2.36
Recreational	175,339,861	0.18	279	0.37
Government/Social/Institutional	123,418,996	0.12	478	0.63
Miscellaneous	388,976,980	0.39	795	1.04
Subtotal Non-Residential	$15,901,373,990	15.94%	6,333	8.29%
Residential:				
Single Family Residence	$68,780,137,222	68.94%	57,937	75.81%
Condominium/Townhouse	6,012,879,335	6.03	5,789	7.57
Mobile Home	11,323,722	0.01	370	0.48
Mobile Home Park	37,342,403	0.04	22	0.03
2-4 Residential Units	1,895,304,002	1.90	2,918	3.82
5+ Residential Units/Apartments	5,876,641,299	5.89	275	0.36
Miscellaneous Residential	149,630,128	0.15	350	0.46
Subtotal Residential	$82,763,258,111	82.95%	67,661	88.53%
Vacant Parcels	$1,105,029,126	1.11%	2,429	3.18%
Total	$99,769,661,227	100.00%	76,423	100.00%

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

(Remainder of Page Intentionally Left Blank)

Assessed Valuation of Single-Family Residential Properties. The following table sets forth the assessed valuation of single-family homes in the District's boundaries for fiscal year 2019-20.

SEQUOIA UNION HIGH SCHOOL DISTRICT
(San Mateo County, California)
2019-20 Per Parcel Assessed Valuation of Single Family Homes

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	57,937	$68,780,137,222	$1,187,154	$791,214

2019-20 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	2,329	4.020%	4.020%	$ 168,029,424	0.244%	0.244%
$100,000 - $199,999	5,965	10.296	14.316	861,904,070	1.253	1.497
$200,000 - $299,999	4,087	7.054	21.370	1,023,710,236	1.488	2.986
$300,000 - $399,999	3,705	6.395	27.765	1,288,684,130	1.874	4.859
$400,000 - $499,999	3,485	6.015	33.780	1,568,599,297	2.281	7.140
$500,000 - $599,999	3,449	5.953	39.733	1,894,774,136	2.755	9.895
$600,000 - $699,999	3,173	5.477	45.209	2,059,204,852	2.994	12.889
$700,000 - $799,999	3,029	5.228	50.438	2,268,843,982	3.299	16.187
$800,000 - $899,999	3,026	5.223	55.660	2,571,134,082	3.738	19.926
$900,000 - $999,999	2,995	5.169	60.830	2,843,802,589	4.135	24.060
$1,000,000 - $1,099,999	2,590	4.470	65.300	2,714,068,621	3.946	28.006
$1,100,000 - $1,199,999	2,073	3.578	68.878	2,379,421,592	3.459	31.466
$1,200,000 - $1,299,999	1,829	3.157	72.035	2,282,644,975	3.319	34.784
$1,300,000 - $1,399,999	1,637	2.825	74.861	2,207,868,719	3.210	37.995
$1,400,000 - $1,499,999	1,593	2.750	77.610	2,304,985,000	3.351	41.346
$1,500,000 - $1,599,999	1,360	2.347	79.958	2,105,873,467	3.062	44.408
$1,600,000 - $1,699,999	1,193	2.059	82.017	1,967,085,715	2.860	47.267
$1,700,000 - $1,799,999	1,048	1.809	83.826	1,832,438,055	2.664	49.932
$1,800,000 - $1,899,999	956	1.650	85.476	1,765,779,995	2.567	52.499
$1,900,000 - $1,999,999	852	1.471	89.946	1,660,640,528	2.414	54.913
$2,000,000 and greater	7,563	13.054	100.000	31,010,643,757	45.087	100.000
Total	57,937	100.000%		$68,780,137,222	100.000%	

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

(Remainder of Page Intentionally Left Blank)

Largest Taxpayers in District. The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2019-20 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 in the taxpayer's financial situation and ability or willingness to pay property taxes. In fiscal year 2019-20, the largest single taxpayer owned approximately 1.33% of the total local secured assessed valuation of property in the District. Each taxpayer listed is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table.

SEQUOIA UNION HIGH SCHOOL DISTRICT
Top Twenty Largest Taxpayers
Fiscal Year 2019-20

	Property Owner	2019-20 Primary Land Use	% of Assessed Valuation	Total[(1)]
1.	Hibiscus Properties LLC	Office Building	$1,326,840,247	1.33%
2.	Facebook Inc.	Office Building	920,643,407	0.92
3.	Google Inc.	Office Building	704,760,235	0.71
4.	Oracle Corporation	Office Building	699,028,420	0.70
5.	Peninsula Innovation Partners LLC	Industrial	491,710,344	0.49
6.	Woodland Park Property Owner LLC	Undeveloped	401,658,055	0.40
7.	Aimco Indigo LP	Apartments	328,758,619	0.33
8.	RWC Harbor Communities LLC	Apartments	312,873,404	0.31
9.	Westport Office Park LLC	Office Building	293,649,131	0.29
10.	DWF IV 1400-1500 Seaport Blvd. LLC	Office Building	279,044,369	0.28
11.	Slough Redwood City LLC	Industrial	267,126,556	0.27
12.	Maximus SG New GF Owner LLC	Apartments	259,995,960	0.26
13.	Wells REIT II-University Circle LP	Office Building	253,711,873	0.25
14.	Quadrus Sand Hill LLC	Office Building	252,693,203	0.25
15.	Hudson Towers at Shore Center LLC	Office Building	236,919,949	0.24
16.	Anton Menlo Blackhorse LLC	Apartments	235,794,676	0.24
17.	TGA 299 Franklin LLC	Apartments	225,516,317	0.23
18.	Electronic Arts Inc.	Office Building	225,407,712	0.23
19.	Informatica LLC	Office Building	207,792,235	0.21
20.	Redwood City Partners LLC	Office Building	206,636,499	0.21
			$8,130,561,211	8.15%

(1) 2019-20 Local Secured Assessed Valuation: $99,769,661,227.
Source: California Municipal Statistics, Inc.

State-Assessed Property. Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The State Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the State Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the State Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the State Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect, generally reducing the assessed value in the District as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Appeals of Assessed Valuation. State law affords an appeal procedure to taxpayers who disagree with the assessed value of their taxable property. Taxpayers may request a reduction in assessment directly from the County Assessor (the "Assessor"), who may grant or refuse the request in whole or in part, and taxpayers may appeal an assessment directly to the San Mateo County Board of Equalization, which rules on appealed assessments whether or not settled by the Assessor. The Assessor is also authorized to reduce the assessed value of any taxable property upon a determination that the market value has declined below the then-current assessment, whether or not appealed by the taxpayer.

The District can make no predictions as to the changes in assessed values that might result from pending or future appeals by taxpayers or actions by the Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Refunding Bonds to increase accordingly in future years, so that the fixed debt service on the Refunding Bonds (and other outstanding bonds) may be paid. Any refund of paid taxes triggered by a successful assessment appeal will be debited by the Treasurer-Tax Collector against all taxing agencies who received tax revenues, including the District.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness. Significant changes in assessed value of taxable property in the District could affect the tax rate levied on taxpayers. See "– Assessed Valuation of Property Within the District – *Risk of Decline in Property Values; Earthquake Risks"* above.

The rate of tax necessary to pay fixed rate debt service on the Refunding Bonds in a given year depends on the assessed value of taxable property in that year. Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the

Refunding Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The following table shows *ad valorem* property tax rates for the last several years in a typical Tax Rate Area of the District (TRA 9-001). TRA 9-001 comprises 10.58% of the total assessed value of taxable property in the District for fiscal year 2019-20.

SEQUOIA UNION HIGH SCHOOL DISTRICT
Summary of *Ad Valorem* Tax Rates
(Dollars Per $1,000 of Assessed Valuation)
TRA 9-001

	2015-16	2016-17	2017-18	2018-19	2019-20
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Midpeninsula Regional Open Space Park District	0.0008	0.0006	0.0009	0.0018	0.0016
Redwood City School District	0.0158	0.0461	0.0412	0.0384	0.0396
Sequoia Union High School District	0.0434	0.0391	0.0383	0.0365	0.0340
San Mateo Community College District	0.0250	0.0247	0.0235	0.0175	0.0266
TOTAL	$1.0850	$1.1105	$1.1039	$1.0942	$1.1018

Source: California Municipal Statistics, Inc.

Tax Collections and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complex web of statutory modifications enacted since that time. Revenues derived from special *ad valorem* property taxes for voter-approved indebtedness, including the Refunding Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The Treasurer-Tax Collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches. If taxes remain unpaid by June 30, the tax is deemed to be in default. Penalties then begin to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the Treasurer-Tax Collector.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured roll after July 31, if unpaid, are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. To collect unpaid taxes, the Treasurer-Tax Collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the County, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The Treasurer-Tax Collector may also bring a civil suit against the taxpayer for payment. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table sets forth a recent history of tax payment delinquencies in the District.

SEQUOIA UNION HIGH SCHOOL DISTRICT
Secured Tax Delinquencies[(1)]
Fiscal Years 2009-10 through 2018-19

Fiscal Year	Percent Delinquent June 30
2009-10	1.82%
2010-11	1.20
2011-12	0.95
2012-13	0.69
2013-14	0.52
2014-15	0.49
2015-16	0.54
2016-17	0.51
2017-18	0.53
2018-19	0.52

(1) Debt service levy only.
Source: California Municipal Statistics, Inc.

Teeter Plan. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code. Under the Teeter Plan, each participating local agency levying property taxes in the County, including school districts, receives the amount of uncollected taxes credited to its fund, in the same manner as if the amount due from taxpayers had been collected. In return, the County receives and retains delinquent payments, penalties and interest as collected that would have been due to the local agency. The County applies the Teeter Plan to taxes levied for repayment of school district bonds.

The Teeter Plan is to remain in effect unless the County Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the County. The Board of Supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secured tax delinquency in that agency in any year exceeds three percent (3%) of the total of all taxes and assessments levied on the secured roll in that agency. The Board of Supervisors has never elected to exercise this right.

Direct and Overlapping Debt. Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective September 12, 2019 for debt issued as of September 1, 2019. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public capital markets by the public agencies listed. 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.

SEQUOIA UNION HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING BONDED DEBT

2018-19 Assessed Valuation: $95,695,818,289

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/19
San Mateo Community College District	42.824%	$ 328,324,543
Sequoia Union High School District	**100.000**	**500,075,000**[1]
Belmont-Redwood Shores School District and School Facilities Improvement Districts	100.000	117,606,605
Las Lomitas School District	100.000	87,190,000
Menlo Park City School District	100.000	124,990,078
Portola Valley School District	100.000	23,295,000
Ravenswood School District	100.000	50,130,000
Redwood City School District	100.000	126,274,431
San Carlos School District	100.000	115,741,118
Woodside School District	100.000	24,977,948
City of Menlo Park	100.000	16,550,000
City of San Carlos	100.000	3,065,000
City of San Mateo	2.167	411,730
Midpeninsula Regional Open Space Park District	30.613	27,187,405
City of Belmont Community Facilities District No. 2000-1	100.000	5,135,000
City of Redwood City Community Facilities Districts	100.000	11,365,000
1915 Act Bonds	100.000	5,598,840
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,567,917,698
OVERLAPPING GENERAL FUND DEBT:		
San Mateo County General Fund Obligations	42.824%	$228,834,436
San Mateo County Board of Education Certificates of Participation	42.824	3,485,874
Portola Valley School District Certificates of Participation	100.000	1,610,424
City of San Mateo General Fund Obligations	2.167	526,148
Midpeninsula Regional Open Space Park District General Fund Obligations	30.613	34,282,152
Menlo Park Fire Protection District Certificates of Participation	100.000	9,910,000
TOTAL OVERLAPPING GENERAL FUND DEBT		$278,649,034
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to Belmont Redevelopment Agency	100.000	$ 5,675,000
Successor Agency to East Palo Alto Redevelopment Agency	100.000	16,905,000
Successor Agency to Menlo Park Redevelopment Agency	100.000	42,060,000
Successor Agency to Redwood City Redevelopment Agency	100.000	13,059,451
Successor Agency to San Carlos Redevelopment Agency	100.000	10,912,052
TOTAL OVERLAPPING TAX INCREMENT DEBT		$88,611,503
COMBINED TOTAL DEBT		$1,935,178,235[2]

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($500,075,000).....0.52%
Total Direct and Overlapping Tax and Assessment Debt 1.64%
Combined Total Debt.....2.02%

Ratios to Redevelopment Incremental Valuation ($10,219,294,346):
Total Overlapping Tax Increment Debt 0.90%

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. The proposed form of opinion of Bond Counsel is contained in APPENDIX C hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service ("IRS") with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of

under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

Sale or Other Taxable Disposition of the Taxable Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Bonds. If the District defeases any Taxable Bond, the Taxable Bond may be deemed to be retired or "reissued" for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Taxable Bond.

Information Reporting and Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if

any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the District through stock ownership and (2) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Taxable Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the District or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the District) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Taxable Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Taxable Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA") – U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and

other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

OTHER LEGAL MATTERS

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing the District from becoming insolvent, the State Superintendent of Public Instruction (the "State Superintendent"), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District or the County (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Refunding Bonds and other transaction documents related to the Refunding Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Refunding Bonds, if the bankruptcy court determines that the plan is fair and equitable and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Refunding Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Refunding Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in the state in the exercise of its political or governmental powers, including expenditures for such exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of the debtor, unless the debtor consents to that action or the plan so provides. State law provides that *ad valorem* property taxes may be levied to pay the principal of and interest on the Refunding Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Refunding Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the State law restriction on the levy and expenditure of *ad valorem* property taxes is respected in a bankruptcy case, then *ad valorem* tax revenue in excess of the District's share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Refunding Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to state law, all general obligation bonds issued by local agencies, including the Refunding Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* property taxes. State law provides that the lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Refunding Bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Refunding Bonds during the pendency of the Chapter 9 proceeding could be delayed.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Refunding Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* property taxes for payment of the Refunding Bonds. The Refunding Bonds and the District's other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the Refunding Bonds may be

prohibited from taking any action to require the District or the County to make payments on the Refunding Bonds without the bankruptcy court's permission. This could result in substantial delays in payments on the Refunding Bonds.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Refunding Bonds.

Bondholders may experience delays or reductions in payments on the Refunding Bonds, the Refunding Bonds may decline in value or Bondholders may experience other adverse effects should the District file for bankruptcy.

Possession of Tax Revenues; Remedies. If the District goes into bankruptcy and the District or the County has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the District or the County, as applicable, does not voluntarily pay such tax revenues to the Owners of the Refunding Bonds, it is not entirely clear what procedures the Owners of the Refunding Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy).

Risk of Investment Losses. Pending delivery of *ad valorem* tax revenues to the Paying Agent, the County Treasurer-Tax Collector may invest the *ad valorem* tax revenues in the County Investment Pool or in other investments. Should any of these investments suffer any losses, there may be delays or reductions in payments on the Refunding Bonds.

Opinion of Bond Counsel Qualified. The proposed form of opinion of Bond Counsel, attached hereto as APPENDIX D – "PROPOSED FORM OF OPINION OF BOND COUNSEL," is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Legal Opinion

The validity of the Refunding Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. A complete copy of the proposed form of Bond Counsel opinion is set forth in APPENDIX D – "PROPOSED FORM OF OPINION OF BOND COUNSEL." Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Legality for Investment in California

Under provisions of the Financial Code of the State, the Refunding Bonds are legal investments for commercial banks in the State to the extent that the Refunding Bonds, in the informed opinion of the bank, are prudent for the investment of funds of its depositors, and, under provisions of the Government Code, the Refunding Bonds are eligible securities for deposits of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Refunding Bonds to provide certain financial information and operating data relating to the District (the

"Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2018-19 fiscal year (which is due no later than April 1, 2020) and to provide notice of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX E hereto. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

The District believes it has complied in all material respects with its undertakings under the Rule in the past five years.

No Litigation

No litigation is pending or, to the best knowledge of the District, threatened, concerning the validity of the Refunding Bonds or the District's ability to receive *ad valorem* property taxes and to collect other revenues, or contesting the District's ability to issue and retire the Refunding Bonds, the political existence of the District, the title to their offices of District or County officials who will sign the Refunding Bonds and other certifications relating to the Refunding Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the original purchasers at the time of the original delivery of the Refunding Bonds.

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

ESCROW VERIFICATION

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters relating to the computation of the projected payments of principal and interest on the government obligations, and the projected payments of principal, redemption premium, if any, and interest to redeem and defease the Refunded Bonds will be verified by Causey Demgen & Moore, P.C., as Verification Agent. Such computations will be based solely on assumptions and information supplied by the District and the Underwriters. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any effort to evaluate the assumptions and information on which the computations are based, and will express no opinion on the data used, the reasonableness of the assumptions or the achievability of the projected outcome.

MISCELLANEOUS

Rating

The Refunding Bonds have been assigned the rating of "Aaa" by Moody's Investors Service ("Moody's"). Rating agencies generally base their ratings on their own investigations, studies, and assumptions. The District has provided certain additional information and materials to the rating agencies (some of which does not appear in this Official Statement). The rating reflects only the view of the rating agency, and any explanation of the significance of such rating may be obtained only from Moody's at www.moodys.com. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Refunding Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Refunding Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Refunding Bonds. Keygent LLC is acting as Municipal Advisor with respect to the Refunding Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Refunding Bonds.

Underwriting

The Refunding Bonds are being purchased by Citigroup Global Markets Inc., as representative (the "Representative") on behalf of itself and on behalf of Piper Sandler & Co. (collectively, the "Underwriters"), pursuant to the terms of a bond purchase agreement, dated January 30, 2020 (the "Purchase Contract") by and between the District and the Underwriters. The Underwriters have agreed to purchase the Refunding Bonds at a price of $113,432,720.64 (which represents the aggregate principal amount of the Refunding Bonds less $207,279.36 Underwriters' discount). Pursuant to the Purchase Contract, the Underwriters will purchase all of the Refunding Bonds if any are purchased, the obligation of the Underwriters to purchase the Refunding Bonds being subject to certain terms and conditions to be satisfied by the District.

Citigroup Global Markets Inc., an underwriter of the Refunding Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Piper Sandler & Co. has entered into a distribution agreement (the "Schwab Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Schwab Agreement, CS&Co. will purchase Refunding Bonds from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Refunding Bonds that CS&Co. sells.

(Remainder of Page Intentionally Left Blank)

Additional Information

Quotations from and summaries and explanations of the Refunding Bonds, the District Resolution, the Paying Agent Agreement, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

* * *

All data contained herein have been taken or constructed from the District's records and other sources, as indicated. This Official Statement and its distribution have been duly authorized and approved by the District.

SEQUOIA UNION HIGH SCHOOL DISTRICT

By: /s/ Crystal Leach
Associate Superintendent, Administrative Services

APPENDIX A

DISTRICT FINANCIAL AND OPERATING INFORMATION

The information in this appendix concerning the operations of the District, the District's finances, and State funding of education, 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 Refunding Bonds is payable from the general fund of the District or from State revenues. The Refunding Bonds are payable 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 Refunding Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS."

THE DISTRICT

General

The Sequoia Union High School District (the "District") is located on the San Francisco Peninsula in the County of San Mateo, California (the "County") and approximately 25 miles south of San Francisco. It serves students from the communities of Atherton, Belmont, East Palo Alto, Menlo Park, Portola Valley, Redwood City, San Carlos and Woodside.

The District operates four comprehensive high schools, one continuation high school, one dependent charter high school and one adult school. The District operates four comprehensive high schools, one continuation high school, one dependent charter high school and one adult school. For fiscal year 2019-20, approximately 9,094 students are enrolled in grades 9-12, including special education and continuing education students, and approximately 2,000 adults are enrolled at the adult school. Approximately 1,221 students are served in two independent charter high schools that also operate within the District's boundaries. The District currently employs approximately 926.1 full-time equivalent employees including certificated (credentialed teaching staff), classified (non-teaching), and management personnel. As of the 2019-20 First Interim Budget, the District has projected fiscal year 2019-20 general fund revenues of approximately $176.2 million and general fund expenditures of approximately $181.3 million. The total assessed valuation of taxable property in the District in fiscal year 2019-20 is approximately $102.7 billion.

The District is governed by a Board of Trustees consisting of five voting members and two nonvoting student members. The voting members are elected to four-year terms in staggered years, and the student members serve for one school year. The District's day-to-day operations are managed by a board-appointed Superintendent of Schools (the "Superintendent"). The Board of Trustees named Mary Streshly, Ed.D. as the Superintendent effective July 1, 2017. Prior to her appointment as Superintendent, Dr. Streshly served as the Assistant Superintendent, Educational Services for Campbell Union High School District for nearly six years. Dr. Streshly has more than 25 years of teaching and school administration experience. Crystal Leach serves as Associate Superintendent, Administrative Services. Ms. Leach has more than eight years of experience in California school administration, most recently serving as the Chief Business Official for the Cabrillo Unified School District, which is also located in the County.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for most school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" below) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see "– Local Sources of Education Funding" below). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District expects to receive approximately 9.5% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), projected at approximately $16.8 million in fiscal year 2019-20. Such amount includes both the State funding provided under the LCFF (as defined below) as well as other State revenues (see "– Allocation of State Funding to School Districts; Local Control Funding Formula – *Attendance and LCFF*" and "– Other District Revenues – *Other State Revenues*" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the State Constitution), a minimum level of funding is guaranteed to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State revenues from personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local educational agencies therein implemented a new funding formula for school finance system called the Local Control Funding Formula (the "Local Control Funding Formula" or "LCFF"). Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" below for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two–thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the State Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2019-20 State budget on June 27, 2019.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the State Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the State Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact on Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Refunding Bonds, and the District takes no responsibility for informing owners of the Refunding Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the State budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Rainy Day Fund; SB 858. In connection with the 2014-15 State Budget, the Governor proposed certain constitutional amendments ("Proposition 2") to the rainy day fund (the "Rainy Day Fund") for the November 2014 Statewide election. Senate Bill 858 (2014) ("SB 858") amends the Education Code of the State to, among other things, limit the amount of reserves that may be maintained by a school district subject to certain State budget matters. Upon the approval of Proposition 2, SB 858 became operational. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2."

AB 1469. As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("AB 1469") which implements a new funding strategy for the California State Teachers' Retirement System ("CalSTRS"), increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. See "– Retirement Benefits – *CalSTRS*" below for more information about CalSTRS and AB 1469.

2019-20 State Budget. The Governor signed the fiscal year 2019-20 State Budget (the "2019-20 State Budget") on June 27, 2019. The 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20 that projects approximately $143.8 billion in revenues, and $91.9 billion in non-Proposition 98 expenditures and $55.9 billion in Proposition 98 expenditures. The 2019-20 State Budget includes a $1.4 billion reserve in the Special Fund for Economic Uncertainties. To provide immediate and long-term relief to school districts facing rising pension costs, the 2019-20 State Budget includes a $3.15 billion non-Proposition 98 General Fund payment to CalSTRS and the California Public Employees' Retirement System ("CalPERS") Schools Pool. Of this amount, an estimated $850 million will buy down the employer contribution rates in fiscal years 2019-20 and 2020-21. The 2019-20 State Budget includes total funding of $103.4 billion ($58.8 billion General Fund and $44.6 billion other funds) for all K-12 education programs. The 2019-20 State Budget provides $1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26% cost of living adjustment. The 2019-20 State Budget also includes a constitutionally required deposit into the Public School System Stabilization Account (also referred to as

the Proposition 98 Rainy Day Fund) in the amount of $376.5 million. Such deposit to the Public School System Stabilization Account does not initiate any school district reserve caps, as the amount in the Public School System Stabilization Account (which is equal to the fiscal year 2019-20 deposit) is not equal to or greater than 3% of the total K-12 share of the Proposition 98 guarantee (approximately $2.1 billion).

Certain budgeted adjustments for K-12 education set forth in the 2019-20 State Budget include the following:

- Special Education. The 2019-20 State Budget includes $645.3 million ongoing Proposition 98 General Fund resources for special education, including $152.6 million to provide for all Special Education Local Plan Areas with at least the statewide target rate for base special education funding, and $492.7 million allocated based on the number of children ages 3 to 5 years with exceptional needs that the school district is serving.

- After School Education and Safety Program. The 2019-20 State Budget includes $50 million ongoing Proposition 98 General Fund resources to provide an increase of approximately 8.3% to the per-pupil daily rate for the After School Education and Safety Program.

- Longitudinal Data System. The 2019-20 State Budget includes $10 million one-time non-Proposition 98 General Fund resources to plan and develop a longitudinal data system to improve coordination across data systems and better track the impacts of state investments on achieving educational goals.

- Retaining and Supporting Well-Prepared Educators. The 2019-20 State Budget includes $89.8 million one-time non-Proposition 98 General Fund resources to provide up to 4,487 grants of $20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school for at least four years. The 2019-20 State Budget also includes $43.8 million one-time non-Proposition 98 General Fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, to build capacity around key state priorities. Finally, the 2019-20 State Budget includes $13.8 million ongoing federal funds to establish the 21st Century California Leadership Academy, to provide professional learning opportunities for public K-12 administrators and school leaders to acquire the knowledge, skills, and competencies necessary to successfully support the diverse student population served in California public schools.

- Broadband Infrastructure. The 2019-20 State Budget includes $7.5 million one-time non-Proposition 98 General Fund resources to assist school districts in need of infrastructure and updates to meet the growing bandwidth needs of digital learning.

- School Facilities Bond Funds. The 2019-20 State Budget assumes $1.5 billion Proposition 51 bond funds, an increase of $906 million over the prior year, to support school construction projects.

- Full-Day Kindergarten. The 2019-20 State Budget includes $300 million one-time non-Proposition 98 General Fund resources to construct new or retrofit existing

facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.

- Proposition 98 Settle-Up. The 2019-20 State Budget includes an increase of $686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through fiscal year 2017-18.

- Classified School Employees Summer Assistance Program. The 2019-20 State Budget includes an increase of $36 million one-time Proposition 98 General Fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a state match for classified employee savings used to provide income during summer months.

- Wildfire-Related Cost Adjustments. The 2019-20 State Budget includes an increase of $2 million one-time Proposition 98 General Fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, the 2019-20 State Budget includes an increase of $727,000 one-time Proposition 98 General Fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses. Further, the 2019-20 State Budget holds both school districts and charter schools impacted by the wildfires harmless for State funding for two years.

The complete 2019-20 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2020-21 State Budget. The Governor released his proposed State budget for fiscal year 2020-21 (the "Proposed 2020-21 State Budget") on January 10, 2020. The Proposed 2020-21 State Budget sets forth a balanced budget for fiscal year 2020-21. However, the Governor cautions that although California's economy is strong, economic inequality persists throughout the State and continued growth is uncertain due to the instability in global economic markets and the nation's political climate. The Proposed 2020-21 State Budget estimates that total resources available in fiscal year 2019-20 totaled approximately $155.0 billion (including a prior year balance of approximately $8.5 billion) and total expenditures in fiscal year 2019-20 totaled approximately $149.7 billion. The Proposed 2020-21 State Budget projects total resources available for fiscal year 2020-21 of approximately $156.9 billion, inclusive of revenues and transfers of approximately $151.6 billion and a prior year balance of $5.2 billion. The Proposed 2020-21 State Budget projects total expenditures of $153.1 billion, inclusive of non-Proposition 98 expenditures of approximately $95.5 billion and Proposition 98 expenditures of approximately $57.6 billion. The Proposed 2020-21 State Budget proposes to allocate approximately $2.1 billion of the general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and $1.6 billion of such fund balance to the State's Special Fund for Economic Uncertainties. In addition, the Proposed 2020-21 State Budget estimates the Rainy Day Fund will have a fund balance of approximately $18.0 billion.

Certain budgeted adjustments for K-12 education set forth in the Proposed 2020-21 State Budget include the following:

- Local Control Funding Formula. The Proposed 2020-21 State Budget includes an increase of $1.2 billion in Proposition 98 general fund resources for the LCFF.

- Rainy Day Fund. The Proposed 2020-21 State Budget projects that a $524.2 million deposit into the Rainy Day Fund will be required in fiscal year 2019-20, representing an increase of $147.7 million of the deposit projected in the 2019-20 State Budget, and that a $37.6 million withdrawal from the Rainy Day Fund will be required in fiscal year 2020-21.

- Educator Workforce Investment Grants. The Proposed 2020-21 State Budget includes an increase of $350 million of one-time Proposition 98 general fund resources to augment the funding provided in the 2019-20 State Budget for the Educator Workforce Investment Grants, which support competitive grants for professional learning opportunities for teachers and paraprofessionals across the State.

- California Collaborative for Educational Excellence. The Proposed 2020-21 State Budget includes an increase of $18 million of one-time Proposition 98 general fund resources for the California Collaborative for Educational Excellence to bolster awareness of available services and supports for all local educational agencies to strengthen the capacity of local educational agencies to improve student outcomes in State priority areas.

- Workforce Development Grant Program. The Proposed 2020-21 State Budget includes an increase of $193 million of one-time Proposition 98 general fund resources for the Workforce Development Grant Program to address workforce shortages in high-need subjects and areas.

- Teacher Residency Program. The Proposed 2020-21 State Budget includes an increase of $175 million of one-time Proposition 98 general fund resources to expand the Teacher Residency Program, which supports locally sponsored, one-year intensive, mentored, clinical teacher preparation programs dedicated to preparing and retaining teachers in high-need subject areas in high-need communities.

- California Teacher Credential Award Program. The Proposed 2020-21 State Budget includes an increase of $100 million of one-time Proposition 98 general fund resources for the California Teacher Credential Award Program for $20,000 stipends for fully credentialed teachers who complete four years of teaching service in a high-need subject at a high-need school.

- California Classified School Employees Credentialing Program. The Proposed 2020-21 State Budget includes an increase of $64.1 million of one-time Proposition 98 general fund resources to expand the California Classified School Employees Credentialing Program, which provides grants to K-12 local educational agencies to recruit non-certificated school employees to become certificated classroom teachers.

- Special Education. The Proposed 2020-21 State Budget proposes a three-phase, multi-year process to improve special education finance, services and student outcomes. The Proposed 2020-21 State Budget proposes a new special education base formula that uses a three-year rolling average of local educational agency average daily attendance and includes a 15% increase in the Proposition 98 general fund contribution to the base formula funding over the amount provided in the 2019-20 State Budget. In addition to the new base rate funding formula, the Proposed 2020-21 Budget includes (i) an additional $250 million of Proposition 98 general fund resources on an ongoing basis based on the number of children ages 3 to 5 years with exceptional needs served; (ii) an

increase of $500,000 of one-time Proposition 98 general fund resources for a study of the current Special Education Local Plan Area governance and accountability structure; (iii) an increase of $600,000 of one-time Proposition 98 general fund resources for two workgroups to study improved accountability for special education service delivery and student outcomes; and (iv) an increase of $4 million of one-time Proposition 98 general fund resources for dyslexia research, training, and a statewide conference.

- Community Schools. The Proposed 2020-21 State Budget includes an increase of $300 million of one-time Proposition 98 general fund resources to establish community school grants for local educational agencies supporting innovative community school models.

- Opportunity Grants. The Proposed 2020-21 State Budget includes an increase of $300 million of one-time Proposition 98 general fund resources to establish opportunity grants for the State's lowest performing schools and school districts, and to expand the capacity of the California Collaborative for Educational Excellence in its role within the statewide system of support.

- Computer Science. The Proposed 2020-21 State Budget includes (i) an increase of $15 million of one-time Proposition 98 general fund resources for grants to local educational agencies to support the preparation of approximately 10,000 K-12 teachers to earn a supplementary authorization on their credential to teach computer science; (ii) an increase of $2.5 million of one-time Proposition 98 general fund resources for a county office of education within the statewide system of support to identify, compile, and share computer science resources for professional development, curriculum, and best practices; and (iii) an increase of $1.3 million of one-time Proposition 98 general fund resources to develop a new UC Subject Matter Project in computer science, and $340,000 of non-Proposition 98 general fund resources for one cohort of approximately 1,200 educators to participate in the new project.

- School Nutrition. The Proposed 2020-21 State Budget includes (i) an increase of $60 million of Proposition 98 general fund resources for school nutrition; (ii) an increase of $10 million of Proposition 98 general fund resources to provide training for school food service workers to promote healthier and more nutritious meals; and (iii) an increase of $10 million of non-Proposition 98 general fund resources and $1.5 million annually thereafter for the California Department of Food and Agriculture to establish a Farm to School Grant Program to support California farmers and expand healthy food access by providing grants to schools.

- School District Average Daily Attendance. The Proposed 2020-21 State Budget includes a decrease of $268.5 million of Proposition 98 general fund resources in fiscal year 2019-20 for school districts as a result of a decrease in projected average daily attendance from the 2019-20 State Budget, and a decrease of $175.1 million of Proposition 98 general fund resources in fiscal year 2020-21 for school districts as a result of further projected decline in average daily attendance for fiscal year 2020-21.

- Local Property Tax Adjustments. The Proposed 2020-21 State Budget includes an increase of $7.3 million of Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2019-20 as a result of decreased offsetting property tax revenues, and a decrease of $1.1 billion of Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2020-21 as a result of increased offsetting property taxes.

- Cost-of-Living Adjustments. The Proposed 2020-21 State Budget includes an increase of $122.4 million of Proposition 98 general fund resources to reflect a 2.29% cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, the Adults in Correctional Facilities Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

The complete Proposed 2020-21 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2020-21 State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2020-21 State Budget entitled "The 2020-21 Budget: Overview of the Governor's Budget" on January 13, 2020 (the "2020-21 Proposed Budget Overview"). In the 2020-21 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2020-21 State Budget in light of uncertainties such as federal decisions surrounding healthcare financing and risks associated with a cooling economy. The LAO also highlights key features of the Proposed 2020-21 State Budget, which include a wide array of one-time programmatic spending and new policy goals.

The LAO notes that, under the Proposed 2020-21 State Budget, the State would end fiscal year 2020-21 with approximately $20.5 billion in total reserves, representing an increase of $1.7 billion from the 2019-20 State Budget. The LAO summarizes that the Budget Stabilization Account would reach a balance of approximately $18.0 billion at the end of fiscal year 2020-21 (representing a net increase of $1.5 billion relative to enacted 2019-20 amount), the Special Fund for Economic Uncertainties would reach a balance of approximately $1.6 billion at the end of fiscal year 2020-21 (representing an increase of $230.0 million relative to enacted fiscal year 2019-20 amount), and the Safety Net Reserve would maintain a balance of approximately $900.0 billion at the end of fiscal year 2020-21. Despite the overall increase in State reserves, the LAO observes the Proposed 2020-21 State Budget does not continue the State Legislature's practice of dedicating a sizeable portion of available surpluses to building discretionary reserves. The LAO warns that reserves are the most important tool for the State to insulate programs from the adverse effects of budget shortfalls, and encourages the State Legislature to consider providing a target level of reserves, and consider whether it is satisfied with the proposed level of reserves.

The LAO estimates that the Governor had a $5.9 billion surplus to allocate in the Proposed 2020-21 State Budget, and that the Governor allocated approximately $2.5 billion to one-time spending, approximately $1.6 billion to maintain discretionary reserves, and approximately $1.4 billion to ongoing spending. The LAO observes that most one-time spending is allocated to reducing homelessness, while most ongoing spending is allocated to universities and healthcare programs. The LAO notes, however, that the $3.9 billion of discretionary spending is divided among approximately 140 distinct proposals, 95% of which will cost less than $100 million in fiscal year 2020-21. The LAO recommends that the State Legislature consider whether to address a large array of proposals with relatively small dollar amounts or dedicate larger amounts to a smaller number of priorities to ensure that proposals have a significant impact. Nevertheless, the LAO remarks that by focusing nearly 75% of the estimated surplus on one-time spending, the Proposed 2020-21 State Budget allows the State to maintain control of a key tool for responding to a potential recession.

The LAO observes that in addition to maintaining discretionary reserves, another critical tool to insulate programs from budget shortfalls is the State's operating surplus. The LAO notes that it recently

recommended that the State commit no more than $1.0 billion to ongoing spending in order to avoid budget shortfalls and maintain a positive operating surplus. As described above, however, the LAO estimates that the Governor allocated approximately $1.4 billion to ongoing spending, which could cost the State approximately $1.8 billion annually to fully implement the proposed multiyear programs. The LAO notes that given the maturity of the recent economic expansion, the elimination of the operating surplus is particularly risky. Therefore, the LAO recommends that the Legislature consider preserving a positive operating balance in its own proposals.

The LAO notes that, as in recent years, the State's overall budget condition continues to be positive. Despite the positive near-term picture, however, the LAO warns that the multiyear outlook is subject to considerable uncertainty. The LAO recognizes that the Proposed 2020-21 State Budget provides for an operating surplus of approximately $400.0 million in fiscal year 2023-24, but that the surplus depends on the suspension of certain program augmentations by July 1, 2023. If such suspensions do not occur, the budget could face an operating deficit of nearly $2.0 billion in fiscal year 2023-24. Moreover, the LAO notes that the federal government released draft regulations in late 2019 with significant implications for State costs related to its Medi-Cal program. The LAO indicates that although the federal regulations, if adopted, would limit the State's ability to continue certain Medi-Cal financing mechanisms, the Proposed 2020-21 State Budget does not assume any fiscal impact from the draft regulations. Finally, although the LAO views the Governor's overall revenue estimates as reasonable, it points out that slowing economic growth and uncertainty regarding the cause of recent increases in corporate tax collections create a risk that overall revenues will be lower than anticipated.

The 2020-21 Proposed Budget Overview is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during the current fiscal year and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Refunding Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Refunding Bonds.

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

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property

tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see "– *Dissolution of Redevelopment Agencies*" below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years – such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Dissolution of Redevelopment Agencies. The adopted State budget for fiscal year 2011-12, as signed by the Governor on June 30, 2011, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) ("AB1X 26") and Assembly Bill No. 27 (First Extraordinary Session) ("AB1X 27"), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Certain provisions of AB1X 26 are described further below.

In July of 2011, various parties filed an action before the Supreme Court of the State of California (the "Court") challenging the validity of AB1X 26 and AB1X 27 on various grounds *(California Redevelopment Association v. Matosantos)*. On December 29, 2011, the Court rendered its decision in *Matosantos* upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the Court also modified various deadlines for the implementation of AB1X 26. The deadlines for implementation of AB1X 26 described below take into account the modifications made by the Court in *Matosantos*.

On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency, will be transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its "enforceable obligations." For this purpose, AB1X 26 defines "enforceable obligations" to include "bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency" and "any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." AB1X 26

specifies that only payments included on an "enforceable obligation payment schedule" adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a "recognized obligation payment schedule" the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a "redevelopment property tax trust fund" created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 (now each January 2 and June 1 pursuant to AB 1484, as described below) thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller's administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;

- To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;

- To the former redevelopment agency's successor agency for payment of administrative costs; and

- Any remaining balance to school entities and local taxing agencies.

The District received $5,386,333 in pass-through payments in fiscal year 2018-19 and projects it will receive $5,386,333 in pass-through payments in fiscal year 2019-20.

It is possible that there will be additional legislation proposed and/or enacted to "clean up" various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Allocation of State Funding to School Districts; Local Control Funding Formula

Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under Section 42238 et seq. of the Education Code of the State, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts" which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts."

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base revenue funding limit grant ("Base Grant") per unit of A.D.A. with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF originally had an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. In fiscal year 2018-19, the LCFF was fully funded ahead of the eight year implementation schedule. The LCFF includes the following components:

- A Base Grant for each local educational agency. The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2019-20, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to $7,702 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to $7,818 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to $8,050 per A.D.A. for grades 7 and 8; and (d) a Target Base Grant for each LEA equivalent to $9,329 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12.

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

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

- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every local educational agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08

revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local educational agencies would receive the greater of the Base Grant or the ERT.

Under the new formula, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

Local Control Accountability Plan. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year local control and accountability plan ("LCAP"). Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "Collaborative"), a newly established body of educational specialists, was created to advise and assist local educational agencies in achieving the goals identified in their LCAPs. For local educational agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local educational agency's LCAP.

(Remainder of Page Intentionally Left Blank)

The District's A.D.A. for grades 9 through 12, including special education, for fiscal years 2010-11 through 2019-20 is set forth in the following table.

SEQUOIA UNION HIGH SCHOOL DISTRICT
Total Grades 9-12 Second Period (P-2)
Average Daily Attendance

Fiscal Year	Average Daily Attendance
2010-11	7,596
2011-12	7,777
2012-13	7,771
2013-14	8,065
2014-15	7,957
2015-16	8,034
2016-17	8,138
2017-18	8,206
2018-19[(1)]	8,260
2019-20[(2)]	8,205

[(1)] Estimated.
[(2)] Budgeted.
Source: The District.

The District's adopted budget and budgeted A.D.A. are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance or the District's actual funding level for fiscal year 2019-20.

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently. In an LCFF district, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the $120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district. Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the District to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's adopted budget and

projected A.D.A. are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for the current fiscal year or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

Local Sources of Education Funding

The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 et seq. and Sections 95 et seq. of the Revenue and Taxation Code of the State. Section 42238(h) of the Education Code of the State itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts." School districts that received some State aid were commonly referred to as "revenue limit districts." The District was a basic aid district and is now referred to as a community funded district.

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive the same level of State aid as allotted in fiscal year 2012-13. See "− Allocation of State Funding to School Districts: Local Control Funding Formula" for more information about the LCFF.

Local property tax revenues are projected to account for approximately 96.6% the District's aggregate revenues reported under the LCFF in fiscal year 2019-20, and are projected to be approximately $142.8 million, or 81.1% of total budgeted general fund revenues in fiscal year 2019-20.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 1.7% (or approximately $3.1 million) of the District's general fund projected revenues for fiscal year 2019-20.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 6.6% (or approximately $11.7 million) of the District's general fund projected revenues for fiscal year 2019-20. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is projected at approximately $1.8 million for fiscal year 2019-20.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from other local sources, such as interest earnings, which comprise approximately 7.7% (or approximately $13.5 million) of the District's general fund projected revenues for fiscal year 2019-20.

See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" and "– Article XIIIC and Article XIIID of the State Constitution."

Significant Accounting Policies and Audited Financial Reports

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures from the California School Accounting Manual, as required by the Education Code of the State. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Chavan & Associates, LLP, San Jose, California, served as independent auditor to the District and excerpts of its report for the fiscal year ended June 30, 2019 are attached hereto as APPENDIX B. 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 the inclusion of excerpts from the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to file its audit report for each fiscal year with the County Superintendent and State officials by December 15 and to review the report and any recommended changes following a public meeting to be conducted no later than January 31.

(Remainder of Page Intentionally Left Blank)

SEQUOIA UNION HIGH SCHOOL DISTRICT
General Fund Revenues, Expenditures and Fund Balances
Fiscal Years 2014-15 through 2018-19

	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Actual
REVENUE/RECEIPTS					
LCFF Sources			$122,350,803[(1)]	$130,920,632[(1)]	$139,485,303[(1)]
State Aid	$ 5,017,691	$ 5,054,786	-	-	-
Property Taxes	103,381,945	113,638,656	-	-	-
LCFF Transfers	(2,448,521)	(4,467,459)	-	-	-
Federal Revenue	3,061,319	3,577,085	3,462,515	3,027,862	2,840,040
Other State Revenue	5,106,892	9,012,263	6,495,728	10,321,761	17,295,336
Other Local Revenue	10,985,665	12,250,421	14,543,862	20,380,199	17,895,529
TOTAL	$125,104,991	$139,065,752	$146,852,908	$164,650,454	$177,516,208
EXPENDITURES/ DISBURSEMENTS					
Certificated Salaries	$55,546,748	$57,373,756	$61,746,146	$69,936,627	$69,101,334
Classified Salaries	20,613,378	21,827,940	23,670,050	25,248,976	26,731,425
Employee Benefits	27,875,658	30,763,201	34,400,496	37,026,037	60,460,004
Books and Supplies	4,172,636	4,751,665	5,470,511	5,739,861	5,766,595
Services/Other Operating Expenditures	12,399,392	13,786,364	14,076,851	15,069,749	16,711,983
Capital Outlay	417,885	603,587	452,225	981,413	2,076,953
Other Outgo	2,379,481	2,291,990	2,459,728	1,879,355	1,601,704
Transfers of Indirect/Direct Support Costs	-	-	-	-	-
TOTAL	$123,405,178	$131,398,503	$142,276,007	$155,882,018	$182,449,998
Excess (Deficiency) of Revenues Over (Under) Expenditures	$1,699,813	$7,667,249	$4,576,901	$8,768,436	$(4,933,790)
OTHER FINANCING SOURCES/(USES)					
Transfers In/Other Sources	$94,414	$65,181	-	-	-
Transfers Out/Other Uses	(2,576,338)	(4,022,227)	$(3,505,416)	$(2,660,230)	$(3,706,990)
TOTAL	$(2,481,924)	$(3,957,046)	$(3,505,416)	$(2,660,230)	$(3,706,990)
EXCESS OF REVENUE, OTHER SOURCES OVER/ (UNDER) EXPENDITURES, OTHER USES	$(782,111)	$3,710,203	$1,071,485	$6,108,206	$(8,640,780)
Fund Balance, beginning of year	$18,821,122	$18,039,011	$21,749,214	$22,820,699	$28,928,905
Fund Balance, end of year	$18,039,011	$21,749,214	$22,820,699	$28,928,905	$20,288,125

(1) Break out of LCFF Sources not provided.
Sources: District Audited Financial Reports for fiscal years 2014-15 through 2018-19.

The District is required by State law and regulation to maintain various reserves. The District is generally required to maintain unrestricted general fund reserves in the amount of 3% of its total general fund expenditures, the level of which is based on total student attendance below 30,000. For fiscal year 2019-20, the District has a projected unrestricted general fund reserve of 6.1%, or approximately $11.3 million, compared to the fiscal year 2018-19 unrestricted general fund reserve of $16.8 million. Substantially all funds of the District are required by law to be deposited with and invested by the Treasurer-Tax Collector on behalf of the District, pursuant to law and the investment policy of the County. See APPENDIX F – "COUNTY OF SAN MATEO INVESTMENT POLICY AND INVESTMENT REPORT."

The following table sets forth the budgeted revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2018-19 and 2019-20, the estimated actuals for revenues, expenditures and changes in fund balances for fiscal year 2018-19 and first interim amounts projections of revenues, expenditures and changes in fund balance for fiscal year 2019-20. Certain adjustments may be made throughout the year based on actual State funding and actual District revenues and tax collections. The District cannot make any predictions regarding the disposition of additional pending budget legislation or its effect on the District. The District's budget is a planning tool, and does not represent a prediction as to the actual achievement of any budgeted revenues or fund balances.

SEQUOIA UNION HIGH SCHOOL DISTRICT
(County of San Mateo, California)
Budgeted General Fund Summary for Fiscal Years 2018-19 and 2019-20,
Estimated Actuals for Fiscal Year 2018-19, and First Interim for Fiscal Year 2019-20[(1)]

	2018-19 Budgeted[(2)]	2018-19 Estimated Actuals[(3)]	2019-20 Budgeted[(3)]	2019-20 First Interim[(4)]
REVENUES				
LCFF Sources	$139,445,525	$139,678,109	$148,101,328	$147,885,830
Federal Revenue	3,029,861	3,216,307	2,863,825	3,063,368
Other State Revenue	5,400,689	7,596,836	10,919,459	11,706,076
Other Local Revenue	14,771,415	17,013,487	12,703,393	13,532,710
TOTAL	**$162,647,490**	**$167,504,740**	**$174,588,005**	**$176,187,984**
EXPENDITURES				
Certificated Salaries	$66,279,010	$69,838,601	$69,843,945	$72,882,497
Classified Salaries	24,763,611	26,105,961	27,305,791	26,851,660
Employee Benefits	40,832,046	41,171,133	49,024,274	49,783,655
Books and Supplies	5,678,116	7,319,608	5,408,300	6,870,135
Services/Other Operating Expenditures	17,378,081	20,637,613	20,850,721	22,306,481
Other Outgo – Excluding Transfers of Indirect Costs	1,698,486	1,521,526	1,578,301	1,583,702
Other Outgo – Transfers of Indirect Costs	-	-	-	-
Capital Outlay	226,226	1,083,748	417,583	1,018,734
TOTAL	**$156,855,576**	**$167,678,190**	**$174,428,915**	**$181,296,864**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$5,791,914	$(173,450)	$159,090	$(5,108,881)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	$(3,275,000)	$(3,399,000)	$(1,969,500)	$(1,877,310)
TOTAL OTHER FINANCING SOURCES (USES)	**$(3,275,000)**	**$(3,339,000)**	**$(1,969,500)**	**$(1,877,310)**
NET CHANGE IN FUND BALANCE	$2,516,914	$(3,572,450)	$(1,810,410)	$(6,986,191)
Fund Balance – Beginning	**$21,807,904**	**$21,807,904**	**$18,235,453[(5)]**	**$20,238,339[(5)]**
Fund Balance – Ending	**$24,324,818**	**$18,235,453**	**$16,425,043**	**$13,252,148**

[(1)] Totals may not add due to rounding.
[(2)] Adopted budget for fiscal year 2018-19, as of June 27, 2018.
[(3)] Adopted budget for fiscal year 2019-20, as of June 26, 2019.
[(4)] First interim budget report for fiscal year 2019-20, as of June 26, 2019.
[(5)] The difference between the fiscal year 2019-20 beginning balance in the adopted budget and the first interim budget report is attributable to revenue increases as well as expenditure increases, inclusive of a 3.25% salary increase for certificated and management FTEs.
Source: The District.

District Budget Process and County Review

State law requires school districts to adopt a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of San Mateo Superintendent of Schools (the "County Superintendent").

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the Superintendent of Public Instruction may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the Superintendent of Public Instruction and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the Superintendent of Public Instruction and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the Superintendent of Public Instruction and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. However, the county superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent assumed authority.

A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments.

Under the provisions of A.B. 1200 and the State Education Code (Section 42100 et seq.), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. In the last five years, the District has not received a negative or qualified certification for an interim financial report.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the Superintendent of Public Instruction and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State General Fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State General Fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State General Fund that must be repaid in 20 years. Each year, the Superintendent of Public Instruction will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an

emergency apportionment from the State General Fund will be based upon the availability of funds within the State General Fund.

District Debt Structure

Tax and Revenue Anticipation Notes. To address predictable annual cash flow deficits resulting from the different timing of revenues and expenditures, the District has issued and will issue tax and revenue anticipation notes as shown in the table below. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys. The following table sets forth the District's issuance of tax and revenue anticipation notes during fiscal years 2007-08 through 2019-20.

Issuance Date	Principal Amount	Interest Rate	Yield	Due Date
July 3, 2007	$14,750,000	4.25%	3.60%	July 3, 2008
July 2, 2008	17,000,000	2.50	1.66	June 30, 2009
July 1, 2009	18,000,000	2.50	0.40	July 1, 2010
July 1, 2010	14,000,000	2.00	0.48	July 1, 2011
July 6, 2011	13,000,000	3.00	0.23	July 5, 2012
July 3, 2012	12,500,000	2.00	0.21	July 2, 2013
July 2, 2013	10,000,000	1.50	0.19	July 2, 2014
July 10, 2014	9,815,000	1.00	0.10	July 10, 2015
July 2, 2015	11,960,000	1.00	0.30	June 30, 2016
July 1, 2016	12,195,000	2.00	0.65	June 30, 2017
July 6, 2017	15,270,000	3.00	0.87	June 29, 2018
July 3, 2018	10,420,000	3.00	1.45	June 28, 2019
August 6, 2019	18,885,000	2.00	1.05	June 30, 2020

IRS Audit of 2009-10 Tax and Revenue Anticipation Notes. In October 2011, the IRS conducted a random audit of the District's 2009-10 Tax and Revenue Anticipation Notes and concluded that the District failed to meet its deficit. In order to borrow for working capital purposes on a tax-exempt basis, the District may only borrow up to its maximum cash flow deficit, plus a working capital reserve. The District's deficit for fiscal year 2009-10 was less than initially projected and the District ended up borrowing more than was permissible under federal tax law. As a consequence, the investment of the proceeds of that borrowing were subject to IRS imposed investment restrictions. On August 28, 2012, the District and the IRS agreed to a settlement in the amount of $22,299.26.

General Obligation Bonds. Since 1996, the District has conducted five bond elections and issued bonds and refunding bonds as described below and as summarized in the table that follows. All such general obligation refunding bonds are payable from a special *ad valorem* property tax which the County is required to levy in an amount sufficient to pay such obligations.

On November 5, 1996, the voters of the District approved a bond proposition (the "1996 Authorization") authorizing the issuance of $45 million of bonds of the District for "repairing deteriorating school roofs, rest rooms, and electrical and plumbing systems; removing asbestos; making earthquake safety improvements; modernizing classrooms, science labs, and vocational training facilities; upgrading classrooms for computers and other learning technologies; and constructing school facilities necessary for increased enrollment." The District issued three series of bonds pursuant to the 1996 Authorization, which are no longer outstanding.

On November 6, 2001, the District's voters approved a bond proposition (the "2001 Authorization") authorizing the issuance of $88 million of bonds of the District "to complete the renovation of classrooms, science labs, and libraries; complete seismic upgrades; build classrooms and

other facilities; and for basic modernization of school buildings including replacing deteriorating electrical, heating, plumbing, and other critical systems." The District issued two series of bonds pursuant to the 2001 Authorization, which are no longer outstanding.

On November 2, 2004, the District's voters approved a bond proposition (the "2004 Authorization") authorizing the issuance of $70 million to finance specific construction and modernization projects approved by the voters, summarized as follows: "to continue the modernization, improvement and expansion of classrooms and facilities for school and community use at local high schools, including Carlmont, Menlo-Atherton, Sequoia and Woodside; to repair, replace, acquire, renovate, construct, furnish and equip school facilities." The District issued two series of bonds pursuant to the 2004 Authorization, which are no longer outstanding.

On February 5, 2008, the District's voters approved a bond proposition (the "2008 Authorization") authorizing the issuance of $165 million to finance specific construction and modernization projects approved by the voters, summarized as follows: "upgrade classroom computers; improve energy efficiency; build classrooms for career, technical, and vocational education courses; and to improve, expand, modernize and construct classrooms and facilities at various District sites." The District has issued four series of bonds pursuant to the 2008 Authorization, three of which are currently outstanding as shown in the table on the following page.

On June 3, 2014, the District's voters approved a bond proposition (the "2014 Authorization") authorizing the issuance of $265 million to finance specific construction and modernization projects approved by the voters, summarized as follows: "adding classrooms, science labs, and schools to avoid overcrowding; provide updated classroom technology, labs, and career technical facilities; renovate aging classrooms and repair, construct, or acquire equipment, classrooms, and facilities." Three series of bonds have been issued pursuant to the 2014 Authorization and are currently outstanding, as shown in the table on the following page.

In addition, refunding bonds were issued (i) on May 22, 2003 (the "2003 Refunding Bonds") for the purpose of refunding a portion of the District's General Obligation Bonds, Election of 1996, Series 1997; (ii) on August 18, 2005 (the "2005 Refunding Bonds") for the purpose of refunding a portion of the District's General Obligation Bonds, Election of 1996, Series 1998, General Obligation Bonds, Election of 1996, Series 1999, and the District's General Obligation Bonds, Election of 2001, Series 2002; (iii) on December 20, 2005 (the "2005 Refunding Bonds Issue 2") for the purpose of refunding a portion of the District's General Obligation Bonds, Election of 2001, Series 2002 and General Obligation Bonds, Election of 2001, Series 2003; (iv) on December 21, 2006 (the "2006 Refunding Bonds") for the purpose of refunding a portion of the District's General Obligation Bonds, Election of 2001, Series 2002 and General Obligation Bonds, Election of 2001, Series 2003; (v) on July 14, 2011 (the "2011 Refunding Bonds") for the purpose of refunding the District's outstanding General Obligation Bonds, Election of 2001, Series 2002 and General Obligation Bonds, Election of 2001, Series 2003; (vi) on December 20, 2012 (the "2012 Refunding Bonds") for the purpose of refunding the District's outstanding 2003 General Obligation Refunding Bonds and General Obligation Bonds, Election of 2004, Series 2005 (the "Series 2005 Bonds"); (vii) on April 2, 2014 (the "2014 Refunding Bonds") for the purpose of refunding a portion of the District's 2005 General Obligation Bonds, Election of 2004, Series 2005B and 2006 General Obligation Refunding Bonds; (viii) on March 12, 2015 (the "2015 Refunding Bonds") for the purpose of refunding all of the District's remaining General Obligation Bonds, Election of 2004, Series 2005B, and a portion of the District's remaining outstanding 2008 General Obligation Bonds (Election of 2008, Series A); and (ix) on September 22, 2016 (the "2016 Refunding Bonds") for the purpose of refunding a portion of the District's remaining outstanding 2005 General Obligation Refunding Bonds – Issue 2, 2006 General Obligation Refunding Bonds, 2008 General Obligation Bonds (Election of 2008,

Series A), 2009 General Obligation Bonds (Election of 2008, Series B), and 2011 General Obligation Bonds (Election of 2008, Series C) Series C-1.

SEQUOIA UNION HIGH SCHOOL DISTRICT
Summary of Outstanding General Obligation Bond Issues[(1)]
As of January 1, 2020

Series Name	Issuance Date	Original Principal Amount	Principal Amount Outstanding
Election of 2008			
Series B	July 9, 2009	$40,000,000	-
Series C-1	April 28, 2011	26,000,000	$ 960,000
Series C-2	April 28, 2011	25,000,000	25,000,000
Subtotal		$91,000,000	$25,960,000
Election of 2014			
Series 2014	October 22, 2014	$112,000,000	$ 96,090,000
Series 2016	November 22, 2016	120,000,000	102,435,000
Series 2019	May 22, 2019	33,000,000	25,650,000
Subtotal		$265,000,000	$224,175,000
Refunding Bonds			
2011 Refunding Bonds	July 14, 2011	$ 11,120,000	-
2012 Refunding Bonds	December 20, 2012	30,600,000	$21,160,000
2014 Refunding Bonds	April 2, 2014	105,810,000	98,385,000
2015 Refunding Bonds	March 12, 2015	52,115,000	51,485,000
2016 Refunding Bonds	September 22, 2016	86,850,000	78,910,000
Subtotal		$286,495,000	$249,940,000
Total		**$642,495,000**	**$500,075,000**

(1) Excludes legally defeased bonds.
Source: The District.

Voter-approved bonds and bonds issued to refund such general obligation bonds are payable from a special *ad valorem* property tax authorized to be levied by the County as necessary to repay the amounts coming due in each year.

Employment

The largest part of each school district's general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

In its fiscal year 2019-20 budget, the District projects that it will expend $72.9 million in certificated salaries, $26.9 million on classified salaries, and $49.8 million on employee benefits from the General Fund. The aggregate budgeted expenditures on salaries and benefits of $149.5 million reflects approximately 82.5% of its general fund expenditures. This amount represents a decrease of approximately 4.3% from the $156.3 million the District expended in fiscal year 2018-19.

As of December 11, 2019, the District has budgeted the employment of 542.1 full-time equivalent ("FTE") certificated professionals, 319.0 FTE classified employees, and 56.0 FTE management

employees. Approximately 1,007.17 full-time and part-time employees are represented by various labor organizations as shown in the table below. The remaining employees are not represented by any formal bargaining unit.

SEQUOIA UNION HIGH SCHOOL DISTRICT
Labor Organizations

Employee Group	Labor Organization	Employees Represented[(1)]	Contract Expiration
Certificated	Sequoia District Teachers' Association	602.20	June 30, 2020
Classified	American Federation of State, County and Municipal Employees, Local 829	396.97	June 30, 2020
Supervisory/Other	Sequoia Supervisors Federation	8.00	June 30, 2020
Total		1,007.17	

[(1)] Includes full-time and part-time employees.
Source: The District.

Compensated Absences (Vacation). The long-term portion of accumulated and unpaid employee vacation for the District as of June 30, 2019, was estimated at $821,374.

Retirement Benefits

The District participates in retirement plans with CalSTRS which covers all full-time certificated District employees, and the State Public Employees' Retirement System ("CalPERS"), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Contributions to CalSTRS are fixed in statute. In fiscal year 2013-14, covered employees contributed 8% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the member and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

As of June 30, 2018, an actuarial valuation (the "2018 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $107.2 billion, a decrease of approximately $0.1 billion from the June 30, 2017 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2018, June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 64.0%, 62.6%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2018 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2018 CalSTRS

Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "− California Public Employees' Pension Reform Act of 2013" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.0% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. The State's total contribution also increased from approximately 3.0% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the State Teachers' Retirement Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.0% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.0% to a 2.75% price inflation factor.

As indicated above, there was no required contribution from teachers, school districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The actuarial valuation from June 30, 2016 noted that, as of June 30, 2017, the aggregate contribution rate, inclusive of an equivalent rate contribution of 10.219% from members, 8.00% from employers relating to the base rate, 0.25% from employers based on the sick leave rate, 10.096% from employers based on the supplemental rate, 1.881% from the State based on the base rate and 4.021% from the State based on the supplemental rate equivalent to 34.467%.

Pursuant to Assembly Bill 1469, school districts' contribution rates will increase in accordance with the following schedule:

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

[(1)] Pursuant to 2019-20 State Budget.
Source: Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2011-12 through 2018-19 and the projected contribution for fiscal year 2019-20.

SEQUOIA UNION HIGH SCHOOL DISTRICT
Contributions to CalSTRS
Fiscal Years 2011-12 through 2019-20

Fiscal Year	Contribution
2011-12	$ 3,739,973
2012-13	4,021,884
2013-14	4,323,252
2014-15	4,323,252
2015-16	6,388,280
2016-17	7,961,999
2017-18	9,559,920
2018-19[(1)]	11,066,330
2019-20[(2)]	18,391,157

[(1)] Estimated. Includes on-behalf amounts.
[(2)] Projected. Includes on-behalf amounts.
Source: The District.

With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. The District also participates in CalPERS for all full-time and some part-time classified employees. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. The school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS will not significantly increase in the future above current levels.

The CalPERS Schools Actuarial Valuation as of June 30, 2018 indicates that the funded ratio as of June 30, 2018 is approximately 70.4% on a market value of assets basis. The funded ratio, on a market value of assets basis, as of June 30, 2017, June 30, 2016, June 30, 2015, and June 30, 2014, was 72.1%, 71.9%, 77.5%, and 86.6%. In April 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS employed a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which were delayed until fiscal year 2015-16 for the State, schools and all public agencies, have increased contribution rates in the near term but are expected to lower contribution rates in the long term. In November 2015, the CalPERS Board of Administration

approved a proposal pursuant to which the discount rate would be reduced by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the then-current discount rate of 7.5% by at least four percentage points. In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19, and 7.0% beginning fiscal year 2019-20. The new discount rates took effect beginning July 1, 2017 for the State and July 1, 2018 for school districts. The change in the assumed rate of return is resulted in increases in the District's normal costs and unfunded actuarial liabilities.

In February of 2014, the CalPERS Board of Administration adopted new actuarial demographic assumptions that take into account greater life expectancies of public employees. Such assumptions are expected to increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. CalPERS applied the assumptions beginning with the June 30, 2015 valuation for the schools pool, setting employer contribution rates for fiscal year 2016-17. CalPERS estimates that the new demographic assumptions could cost public agency employers up to 9% of payroll for safety employees and up to 5% of payroll for miscellaneous employees at the end of the five year phase-in period. To the extent, however, that future experiences differ from CalPERS' current assumptions, the required employer contributions may vary. In April 2016, CalPERS approved an increase to the contribution rate for school districts from 11.847% during fiscal year 2015-16 to 13.888% during fiscal year 2016-17. In June 2019, CalPERS adopted an employer contribution rate of 19.721% for the schools pool and a member contribution rate of 7.0% for school employees subject to PEPRA for the period of July 1, 2019 to June 30, 2020.

On June 27, 2019, CalPERS informed school employers that the employer and employee pension contribution rates approved by the CalPERS Board of Administration on April 17, 2019 were modified by Senate Bill 90 and codified at Section 20825.2 of the State Government Code. The employer contribution rate for fiscal year 2019-20 will be 19.721%, representing a reduction of 1.012% in the employer contribution rate from the 20.733% adopted by the CalPERS Board on April 17, 2019. The employer contribution rate of 19.721% for fiscal year 2019-20 will be the first fiscal year that employer contributions are impacted by the new demographic assumptions adopted by the CalPERS Board in December 2017. The 19.721% contribution rate became effective with the first payroll period beginning July 2019. In April 2019, the CalPERS Board projected that employer contributions for fiscal year 2020-21 would be 23.6%, with annual fluctuations thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26. The CalPERS Board stated that these employer contribution rates reflect not only the new demographic assumptions, but also changes in the discount rate, inflation rate and payroll growth rate, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to January 1, 2013, to those hired after such date. The CalPERS Board anticipates that information about the risks associated with the funding of these plans will be included in the CalPERS Schools Actuarial Valuation as of June 30, 2019.

On April 18, 2018, the CalPERS Board established the employer contribution rates for fiscal year 2018-19 and released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2017, ahead of its summer 2018 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution for fiscal year 2019-20 is projected to be 20.8%, with annual increases thereafter, resulting in a projected 25.7% employer contribution rate for fiscal year 2025-26.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2011-12 through 2018-19, and the projected contribution for fiscal year 2019-20.

SEQUOIA UNION HIGH SCHOOL DISTRICT
Contributions to CalPERS
Fiscal Years 2011-12 Through 2019-20

Fiscal Year	Contribution
2011-12	$1,852,334
2012-13	2,049,623
2013-14	2,247,043
2014-15	2,352,573
2015-16	2,689,976
2016-17	3,560,932
2017-18	4,262,618
2018-19[(1)]	4,644,930
2019-20[(2)]	5,289,871

[(1)] Estimated.
[(2)] Projected.
Source: The District.

The District projects employer contributions to CalPERS of approximately $5.3 million for fiscal year 2019-20. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "– *California Public Employees' Pension Reform Act of 2013*" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "Reform Act" or "PEPRA") into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "Implementation Date"). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2.0% "age factor" (the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2.0% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final

compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in social security.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced). CalSTRS and CalPERS liabilities are more fully described in APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019." The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("GASB 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("GASB 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculated and reported the costs and obligations associated with pensions. GASB 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and GASB 68 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes included: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. GASB 67 became effective beginning in fiscal year 2013-14, and GASB 68 became effective beginning in fiscal year 2014-15.

The District implemented the provisions of GASB 68 which required the District to recognize its proportionate share of its unfunded pension liabilities with CalPERS and CalSTRS. These amounts were presented as long-term liabilities and are funded as a component of the annual required contribution that District makes to CalPERS and CalSTRS on behalf of its employees. See APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

Other Post-Employment Benefits. In addition to the pension benefits described above, the District provides post-employment health benefits for eligible employees who retire early and certain of their dependents. The amount and length of these benefits depends on a variety of factors, including age at retirement, length of service, and status as a certificated, classified or management employee.

Beginning in fiscal year 2008-09, the District was required to implement Governmental Accounting Standards Board Statement No. 45 ("GASB 45") which directs certain changes in accounting for post-employment healthcare benefits ("OPEB") in order to quantify a government agency's current liability for future benefit payments. GASB 45 is directed at quantifying and disclosing OPEB

obligations, and does not impose any requirement on public agencies to fund such obligations. In 2017, the District implemented GASB Statement No. 75 ("GASB 75") as a replacement to GASB 45. Under GASB 75, reporting of the OPEB liability changes from the Net OPEB obligation previously reported under GASB 45 to a Total OPEB obligation. This has the effect of recognizing the full OPEB liability instead of the net OPEB liability.

On June 6, 2018, Total Compensation Systems, Inc., actuarial consultants, Westlake Village, California, completed a study of the District's outstanding post-employment benefit obligations as of June 30, 2017. The report estimates the "pay-as-you-go" cost of providing retiree health benefits in the year beginning July 1, 2017 to be $2,615,073. The report calculates the actuarial present value of projected benefit payments, known as the "total OPEB liability" ("TOL"). As of the date of the report, the value of benefits accrued in the year beginning July 1, 2017 was $5,522,211, and the District had a TOL of $80,556,269. The TOL is an actuarial estimate that depends on a variety of assumptions about future events such as the cost of retiree health care benefits, mortality rates and employment termination dates. The report also calculates the unfunded portion of the liability, known as the "net OPEB liability" ("NOL"). As of the date of the report, the District had a NOL of $80,556,269.

The OPEB expense is the amount recognized in accrual basis financial statements as the current period expense and includes service cost, interest and certain changes in the OPEB liability, adjusted to reflect deferred inflows and outflows. As of the date of the report, the District's OPEB expense for the fiscal year ending June 30, 2018 was $8,047,685.

Charter Schools

Independent charter schools operate as autonomous public schools, under charter from a school district, county office of education, or the State Board of Education, with minimal supervision by the local school district. Independent charter schools receive revenues from the State and from the District for each student enrolled, and thus effectively reduce revenues available for students enrolled in District schools. The District is also required to accommodate charter school students originating in the District in facilities comparable to those provided to regular District students.

Two independent charter high schools currently operate in the District's boundaries (with a combined attendance of approximately 1,221 students): Summit Preparatory Charter High School and Everest Public High School. The District's Board of Trustees renewed Summit Preparatory Charter High School's charter in November 2016 and approved Everest Public High School's charter in July 2014. Oxford Day Academy's charter was approved in August 2016 by the San Mateo County Office of Education and began serving students within the District in fall of 2017.

The District pays revenue in lieu of property taxes based on each charter school's individual LCFF calculation. For fiscal year 2019-20, the District projects a total transfer in lieu of payments to the charter schools of approximately $13.8 million, compared to a fiscal year 2018-19 transfer of approximately $12.4 million.

Insurance, Risk Pooling and Joint Powers Arrangements

The District participates in the San Mateo County Schools Insurance Group ("SMCSIG"), a joint venture under a Joint Powers Agreement among other local school districts in the County of San Mateo. The District purchases comprehensive general liability, property damage, and workers compensation coverage from SMCSIG, in coverage amounts comparable to other school districts participating in SMCSIG. For property damage, the District has a deductible of $5,000 per occurrence; SMCSIG covers damage up to $250,000 via a self-insured retention, and purchases excess property insurance in the

commercial market to a policy limit of $1 billion per occurrence through Public Entity Property Insurance Program ("PEPIP"). For liability insurance, the District has a deductible of $1,500 per occurrence; SMCSIG covers liability up to $250,000 via a self-insured retention, purchases excess general liability coverage through CSAC-EIA to a policy limit of $5 million per occurrence, and purchases additional excess liability coverage to $25 million per occurrence through Schools Excess Liability Fund (SELF). The District purchases workers' compensation coverage in the commercial market through SMCSIG at levels required by statute.

The District shares SMCSIG's surpluses and deficits in proportion to its participation in SMCSIG. The District's potential liabilities under its arrangement with SMCSIG are described in APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019." The District does not directly bear liability for the losses of other members of SMCSIG; however in the event of numerous large local losses, SMCSIG's self-insured retention fund could be exhausted, and member districts such as the District could be required to make further contributions to cover member claims.

The District is not a member of any other joint powers agencies or authorities.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

On June 6, 1978, State 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* property taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) 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, and (iii) 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.

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the State Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a

property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

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 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

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

Article XIIIB of the State Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979, thereby adding Article XIIIB to the State Constitution ("Article XIIIB"). Under Article XIIIB state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

In fiscal year 2018-19, the District had an appropriations limit of $144,907,018.87 and appropriations subject to such limit of $144,907,018.87. The District has budgeted an appropriations limit in fiscal year 2019-20 of $155,110,520. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Article XIIIC and Article XIIID of the State Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIIC and XIIID ("Article XIIIC" and "Article XIIID," respectively), 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 State 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 State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. The District receives a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute: (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 *in Santa Clara County Transportation Authority v. Guardino.* This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "K-14 districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

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

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the State Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "first test") or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years from January 1, 2012 through the end of 2018, and (b) increased the sales and use tax by one-quarter percent for a period of four years from January 1, 2013 through the end of 2016. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "– Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the "Education Protection Account"), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative ("Proposition 55"), approved by voters on November 8, 2016, extends by twelve years the temporary personal income tax increases on incomes over $250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales tax increases imposed by Proposition 30. Revenues from the tax increase will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process."

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

Rainy Day Fund. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the "Public School System Stabilization Account") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

The 2019-20 State Budget includes a constitutionally required deposit into the Public School System Stabilization Account in the amount of $376.5 million. Such deposit to the Public School System Stabilization Account does not initiate any school district reserve caps under SB8 858 or SB 751 (described below), as the amount in the Public School System Stabilization Account (which is equal to the fiscal year 2019-20 deposit) is not equal to or greater than 3% of the total K-12 of the Proposition 98 guarantee (approximately $2.1 billion).

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000 students, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an A.D.A. that is more than 400,000 students, is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000 students, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Refunding Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Refunding Bonds as and when due.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 2, 30, 55, 62, 98, 111 and 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

[THIS PAGE INTENTIONALLY LEFT BLANK]

SEQUOIA UNION HIGH SCHOOL DISTRICT
COUNTY OF SAN MATEO
REDWOOD CITY, CALIFORNIA

AUDIT REPORT

JUNE 30, 2019

Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave, Suite 180
San Jose, CA 95129

SEQUOIA UNION HIGH SCHOOL DISTRICT
SAN MATEO COUNTY

TABLE OF CONTENTS

TITLE	PAGE
FINANCIAL SECTION:	
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
Statement of Fiduciary Net Position - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	22
Notes to the Basic Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP) General Fund	57
Schedule of Pension Plan Contributions	58
Schedule of Proportionate Share of Net Pension Liability	59
Schedule of Total OPEB Liability	60
SUPPLEMENTARY INFORMATION:	
Combining Statements – Nonmajor Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	63
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	65
State and Federal Award Compliance Section:	
Organization (Unaudited)	69
Schedule of Average Daily Attendance	70
Schedule of Instructional Time	71
Schedule of Charter Schools (Unaudited)	72
Schedule of Financial Trends and Analysis (Unaudited)	73
Schedule of Expenditures of Federal Awards	74
Reconciliation of the Annual Financial and Budget Report to the Audited Financial Statements	75
Notes to State and Federal Award Compliance Sections	76

SEQUOIA UNION HIGH SCHOOL DISTRICT
SAN MATEO COUNTY

TABLE OF CONTENTS

OTHER INDEPENDENT AUDITOR'S REPORTS:

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards 79

Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance 81

Independent Auditor's Report on Compliance with Requirements that Could Have A Direct and Material Effect on State Programs 83

FINDINGS AND RECOMMENDATIONS:

Schedule of Findings and Questioned Costs 87

Status of Prior Year Findings and Recommendations 89

Page Intentionally Left Blank

FINANCIAL SECTION

CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Sequoia Union High School District
Redwood City, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion on Balances of Capital Assets

The District was unable to provide adequate supporting documentation for capital assets. Therefore, we were unable to substantiate the balance of the capital asset classes. Generally accepted accounting principles (GAAP) and Education Code Section 35168 require the District to maintain records that properly account for capital assets. Capital asset records serve as a management tool and have an important bearing on management decisions, such as long-range acquisition and abandonment projects.

1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

The amount by which this departure would affect the government-wide Statement of Net Position and Statement of Activities has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Balances of Capital Assets" paragraph, 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 District, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Deficit Net Position

As of June 30, 2019, the District's net position in its Government-wide financial statements was at a deficit mostly because of the long-term pension and OPEB liabilities and deferrals as reported in Note 11 and 12. Our opinion is not modified with respect to this matter.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and District Placements*. The District did not report any direct borrowings and direct placements as of June 30, 2019. Our opinion has not been modified with respect to this matter.

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 pension plan contributions, schedule of proportionate share of net pension liabilities and schedule of total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, as required by the Governmental Accounting Standards Board; organization schedule, schedule of average daily attendance, schedule of instructional time, schedule of charter schools, schedule of financial trends and analysis, and reconciliation of the Annual Financial and Budget Report to the audited financial statement, as required by the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting;* and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time, and reconciliation of the Annual Financial and Budget Report to the audited financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, schedule of average daily attendance, schedule of instructional time, and the reconciliation of the Annual Financial and Budget Report to the audited financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization schedule, schedule of charter schools and schedule of financial trends and analysis included have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C & A LLP

December 11, 2019
San Jose, California

1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Management's Discussion and Analysis

The Management's Discussion and Analysis ("MDA") of Sequoia Union High School District's (The District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of the MDA is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2018-19 are as follows:

- Total net position decreased by $14,343,091, or 26%, from June 30, 2018 to June 30, 2019.
- General revenues accounted for $202,581,962, which was 85% of all revenues. Program specific revenues in the form of operating grants and contributions, capital grants and contributions, and charges for services accounted for $37,088,337, or 15%, of total revenues of $239,670,299.
- The District had $254,013,390 in expenses, which was directly supported by program specific revenues.
- Total fund balances of governmental funds (i.e. General Fund, Building Fund, and Bond Interest & Redemption Fund) decreased by $5,961,908, or 5%, from June 30, 2018 to June 30, 2019.
- Among major funds, the General Fund had $177,516,208 in revenues and $184,449,998 in expenditures. The General Fund's fund balance decreased by $8,640,780, including transfers out of $3,706,990.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

Government-Wide Financial Statements - Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2018 - 2019?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business like activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds

The district is the trustee, or fiduciary, for student body funds and a foundation trust fund. All of the district's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the district's fund and government-wide financial statements because the district cannot use these assets to finance its operations.

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 2019 as compared to June 2018:

Table 1 - Summary of Net Position

Description	2019	2018	Increase (Decrease)	Percent
Assets				
Current and Other Assets	$ 130,571,928	$ 145,755,760	$ (15,183,832)	-10.42%
Capital Assets	549,700,508	535,283,315	14,417,193	2.69%
Total Assets	$ 680,272,436	$ 681,039,075	$ (766,639)	-0.11%
Deferred Outflows of Resources	$ 78,357,004	$ 74,424,276	$ 3,932,728	5.28%
Liabilities				
Other Liabilities	$ 18,071,034	$ 29,213,958	$ (11,142,924)	-38.14%
Long-Term Liabilities	802,841,479	774,335,532	28,505,947	3.68%
Total Liabilities	$ 820,912,513	$ 803,549,490	$ 17,363,023	2.16%
Deferred Inflows of Resources	$ 7,713,557	$ 7,567,400	$ 146,157	1.93%
Net Position				
Net Investment in Capital Assets	$ 80,385,711	$ 69,979,911	$ 10,405,800	14.87%
Restricted	48,202,497	49,883,485	(1,680,988)	-3.37%
Unrestricted	(198,584,838)	(175,516,935)	(23,067,903)	-13.14%
Total Net Position	$ (69,996,630)	$ (55,653,539)	$ (14,343,091)	-25.77%

Current and other assets of governmental activities decreased by $15,183,832 and capital assets increased by $14,417,193 because of capital projects and the spending of bond proceeds. Other liabilities decreased by $11,142,924 mainly due to changes in ongoing projects compared to prior year. Long-term liabilities increased $28,505,947 mostly to do with the issuance of general obligation bonds as well as increases in pension and other postemployment benefits liabilities during the year. Unrestricted net position of the District, which do not have constraints from grantors, legal requirements, or legislation, decreased by $23,067,903 because of increased benefit liabilities for pensions and other postemployment benefits.

Table 2 shows the changes in net position as compared to the prior year.

Table 2 - Change in Net Position

Description	2019	2018	Increase (Decrease)	Percent
Revenues				
Program Revenues:				
Charges for Services	$ 1,363,923	$ 1,865,441	$ (501,518)	-27%
Operating Grants and Contributions	24,003,402	22,028,560	1,974,842	9%
Capital Grants and Contributions	11,721,012	1,478,179	10,242,833	0%
General Revenues:				
Property Taxes	190,064,604	178,789,423	11,275,181	6%
Grants and Entitlements - Unrestricted	5,966,916	5,580,391	386,525	7%
Other	6,550,442	6,845,096	(294,654)	-4%
Total Revenues	239,670,299	216,587,090	23,083,209	11%
Program Expenses				
Instruction	124,832,463	91,166,451	33,666,012	37%
Instruction-Related Services	27,530,821	23,094,529	4,436,292	19%
Pupil Services	26,468,305	23,080,483	3,387,822	15%
General Administration	12,683,185	11,231,377	1,451,808	13%
Plant Services	23,357,600	19,708,789	3,648,811	19%
Ancillary Services	2,021,038	1,755,847	265,191	15%
Community Services	707,102	673,815	33,287	5%
Other Outgo	1,601,704	1,879,358	(277,654)	-15%
Interest and Fiscal Charges	16,954,216	18,521,902	(1,567,686)	-8%
Depreciation	17,856,956	16,159,788	1,697,168	11%
Total Expenses	254,013,390	207,272,339	46,741,051	23%
Change in Net Position	$(14,343,091)	$ 9,314,751	$(23,657,842)	-254%

Property taxes comprised 79% of District revenues for fiscal year 2018-19 as compared to 83% in the prior year. Direct Instruction costs comprised 49% of District expenses for fiscal year 2018-19 as compared to 44% in the prior year.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

Table 3 - Net Cost of Services

Function	2019	2018	Increase (Decrease)	Percent
Instruction	$ 104,031,006	$ 82,702,968	$ 21,328,038	26%
Instruction-Related Services	24,099,712	20,148,282	3,951,430	20%
Pupil Services	23,096,132	18,673,886	4,422,246	24%
General Administration	12,447,106	11,086,572	1,360,534	12%
Plant Services	18,551,588	15,452,717	3,098,871	20%
Ancillary Services	1,965,470	1,728,328	237,142	14%
Community Services	663,087	628,704	34,383	5%
Other Outgo	(2,740,220)	(3,202,988)	462,768	14%
Interest and Fiscal Charges	16,954,216	18,521,902	(1,567,686)	-8%
Depreciation	17,856,956	16,159,788	1,697,168	11%
Total Net Cost of Services	$ 216,925,053	$ 181,900,159	$ 35,024,894	19%

Direct Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services and Instruction-related Services include the activities involved with assisting staff with the content and process of teaching to pupils.

General Administration includes the costs for the Board of Trustees, administration, fiscal and business services and other expenses associated with administrative and financial supervision of the District.

Plant Services includes the operation and maintenance of plant activities, which involve keeping the school grounds, buildings, and equipment in an effective working condition.

Ancillary Services includes the operation of non-instructional services including the preparation, delivery, and servicing of lunches, snacks and other incidental meals.

Community Services include paid overtime or extra time for custodial services performed entirely as a result of community services activities.

Other outgo includes tuition and transfers of resources between the District and other educational agencies for services provided to students.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

The dependence upon tax revenues is apparent, 84% of instruction activities are supported through taxes and other general revenues; for all activities, general revenue support is 85%. The community, as a whole, is the primary support for the District.

The District's Funds

Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Change in Fund Balances

Funds	2019	2018	Increase (Decrease)	Percent
General Fund	$ 20,288,125	$ 28,928,905	$ (8,640,780)	-29.9%
Building Fund	31,304,632	37,892,589	(6,587,957)	-17.4%
Bond Interest & Redemption Fund	43,689,583	43,270,951	418,632	1.0%
Nonmajor Governmental Funds	26,650,554	17,802,357	8,848,197	49.7%
Total Governmental Fund Balances	$ 121,932,894	$ 127,894,802	$ (5,961,908)	-4.7%

General Fund Budgeting Highlights

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

During the course of the 2018-19 fiscal year, the District revised its General Fund budget twice, at 1st Interim and 2nd interim, which resulted in an increase in expenditures of $10,351,905. The overall increase in expenditures is largely due to additional expenditures generated from restricted ending balance/deferred income from prior year and increased expenditures in Special Education programs.

For the General Fund, the final budget basis revenue and other financing sources estimate was $166,450,891. The original budgeted estimate was $162,707,490.

Capital Assets

Table 5 shows June 30, 2019 balances as compared to June 30, 2018.

Table 5 - Summary of Capital Assets Net of Depreciation

Capital Asset	2019 Net Capital Asset	2018 Net Capital Asset	Percentage Change
Land	$ 36,205,870	$ 36,205,870	0.0%
Construction in Progress	151,983,089	166,831,005	-8.9%
Buildings and Improvements	359,784,436	330,876,778	8.7%
Equipment	1,727,113	1,369,662	26.1%
Totals	$ 549,700,508	$ 535,283,315	2.7%

Long Term Debt

Table 6 summarizes the percent changes in Long-term Debt over the past two years.

Table 6 - Long-term Debt

Type of Debt	2019	2018	Percentage Change
General obligation bonds	$518,005,000	$504,560,000	2.7%
Unamortized bond premiums - net	29,828,317	30,360,612	-1.8%
Net pension liabilities	168,051,685	158,110,407	6.3%
Total OPEB liability	86,135,103	80,556,269	6.9%
Compensated absences	821,374	748,244	9.8%
Total Debt	$802,841,479	$774,335,532	3.7%

Factors Bearing on the District's Future

The District is one of a small group of districts (approximately 100) throughout the state where local property tax dollars exceed the legal obligation of the state, as status defined as "basic aid" and referred to as "locally funded". The San Mateo Assessor's Office has completed reassessments, to current market values, for properties which were temporarily reassessed downward during the last economic recession. As a result, it is projected that the assessed valuation trend in the county will not see the dramatic increases as in prior fiscal years.

As a basic aid district, the District was somewhat insulated from the uncertainty surrounding the state budget allocation process, excepting those programs that are mandated and only partially funded. The California state budget has completely changed the way schools are funded. The revenue limit process has been replaced with a Local Funding Control Formula (LCFF). The LCFF establishes a base grant amount with supplemental\concentration grants to provide supplemental services to low income and English learner students.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Enrique Navas, Assistant Superintendent, Administrative Services, Sequoia Union High School District, 480 James Ave., Redwood City, CA 94062.

Page Intentionally Left Blank

Basic Financial Statements

SEQUOIA UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
Assets	
Current Assets:	
Cash and investments	$ 122,814,312
Accounts receivable	7,590,917
Other assets	166,699
Total Current Assets	130,571,928
Noncurrent Assets:	
Capital assets:	
Non-depreciable capital assets	36,205,870
Capital assets, net of depreciation	513,494,638
Total Noncurrent Assets	549,700,508
Total Assets	$ 680,272,436
Deferred Outflows of Resources	
Pension adjustments	$ 51,221,295
OPEB adjustments	9,750,138
Deferred loss on early retirement of long-term debt	17,385,571
Total Deferred Outflows of Resources	$ 78,357,004
Liabilities	
Current Liabilities:	
Accounts payable	$ 7,514,769
Unearned revenue	1,124,265
Accrued interest	9,432,000
Total Current Liabilities	18,071,034
Long-term Liabilities:	
Due within one year	18,135,344
Due beyond one year	784,706,135
Total long-term Liabilities	802,841,479
Total Liabilities	$ 820,912,513
Deferred Inflows of Resources	
Pension adjustments and changes	$ 7,713,557
Net Position	
Net investment in capital assets	$ 80,385,711
Restricted for:	
Charter school programs	33,163
Debt service	43,689,583
Adult education	623,514
Educational programs	3,856,237
Total restricted net position	48,202,497
Unrestricted	(198,584,838)
Total Net Position	$ (69,996,630)

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

SEQUOIA UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities					
Instruction	$ 124,832,463	$ 30,236	$ 9,050,209	$ 11,721,012	$ (104,031,006)
Instruction-related services:					
Supervision of instruction	12,325,349	4,907	1,889,250	-	(10,431,192)
Instruction library, media and technology	2,278,450	2,453	71,621	-	(2,204,376)
School site administration	12,927,022	2,862	1,460,016	-	(11,464,144)
Pupil services:					
Home-to-school transportation	6,034,671	217	14,172	-	(6,020,282)
Food services	3,630,249	807,717	1,387,344	-	(1,435,188)
All other pupil services	16,803,385	6,239	1,156,484	-	(15,640,662)
General administration:					
Data processing	3,027,102	-	77	-	(3,027,025)
All other general administration	9,656,083	90	235,912	-	(9,420,081)
Plant services	23,357,600	259,053	4,546,959	-	(18,551,588)
Facility acquisition and construction	-	-	-	-	-
Ancillary services	2,021,038	1,503	54,065	-	(1,965,470)
Community services	707,102	2,343	41,672	-	(663,087)
Transfers to other agencies	1,601,704	246,303	4,095,621	-	2,740,220
Interest on long-term debt	16,954,216	-	-	-	(16,954,216)
Depreciation - unallocated	17,856,956	-	-	-	(17,856,956)
Total governmental activities	$ 254,013,390	$ 1,363,923	$ 24,003,402	$ 11,721,012	(216,925,053)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					147,060,739
Taxes levied for debt service					36,726,190
Taxes levied for other specific purposes					6,277,675
Federal and state aid not restricted to specific purposes					5,966,916
Interest and investment earnings					1,230,464
Interagency revenues					1,075,352
Miscellaneous					4,244,626
Total general revenues					202,581,962
Change in net position					(14,343,091)
Net position beginning					(55,653,539)
Net position ending					$ (69,996,630)

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

SEQUOIA UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 20,014,597	$ 32,884,673	$ 43,459,678	$ 26,455,364	$ 122,814,312
Accounts receivable	6,244,164	123,829	229,905	993,019	7,590,917
Due from other funds	1,075,999	524,500	-	525,449	2,125,948
Other assets	166,699	-	-	-	166,699
Total Assets	$ 27,501,459	$ 33,533,002	$ 43,689,583	$ 27,973,832	$ 132,697,876
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	5,070,007	2,221,864	$ -	$ 222,898	$ 7,514,769
Due to other funds	1,048,304	6,506	-	1,071,138	2,125,948
Unearned revenue	1,095,023	-	-	29,242	1,124,265
Total Liabilities	7,213,334	2,228,370	-	1,323,278	10,764,982
Fund balances:					
Nonspendable:					
Revolving fund	7,500	-	-	7,050	14,550
Stores inventories	165,783	-	-	-	165,783
Prepaid expenditures	916	-	-	-	916
Restricted for:					
Educational programs	3,856,237	-	-	-	3,856,237
Debt service	-	-	43,689,583	-	43,689,583
Adult education	-	-	-	623,514	623,514
Cafeteria programs	-	-	-	55,209	55,209
Charter school programs	-	-	-	33,163	33,163
Capital projects	1,109,863	31,304,632	-	-	32,414,495
Assigned for:					
Facility projects	-	-	-	15,269,393	15,269,393
Capital projects	787,271	-	-	6,783,247	7,570,518
Site repairs	-	-	-	3,525,177	3,525,177
Adult education	-	-	-	353,801	353,801
One-terim discretionary funds	1,000,000	-	-	-	1,000,000
Litigation	1,000,000	-	-	-	1,000,000
Other postemployment benefits	42,264	-	-	-	42,264
Educational programs	1,919,420	-	-	-	1,919,420
Unassigned:					
Economic uncertainties	10,391,350	-	-	-	10,391,350
Total Fund Balances	20,288,125	31,304,632	43,689,583	26,650,554	121,932,894
Total Liabilities and Fund Balances	$ 27,501,459	$ 33,533,002	$ 43,689,583	$ 27,973,832	$ 132,697,876

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

SEQUOIA UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances - governmental funds		$ 121,932,894
Amounts reported for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $799,141,234 and the accumulated depreciation is $249,440,726.		549,700,508
To recognize accrued interest at year end which is not reported in the governmental funds		(9,432,000)
Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		51,221,295
The differences from pension plan assumptions in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.		(7,713,557)
Deferred outflows of resources include amounts that will not be included in the calculation of the District's total OPEB liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		9,750,138
The difference between the reacquisition price and net carrying value of long-term debt when a bond is refunded is recorded as a deferred loss on the early retirement of long-term debt and a deferred inflow in the government-wide statement of net position and amortized over the remaining life of the refunded debt or refunding debt, whichever is shorter. This transaction is not a current financial resource and is not included in the governmental fund statements.		17,385,571
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:		
General obligation bonds	$ 518,005,000	
Unamortized bond premiums	29,828,317	
Net pension liabilities	168,051,685	
Total OPEB liability	86,135,103	
Compensated absences (vacation)	821,374	(802,841,479)
Total net position - governmental activities		$ (69,996,630)

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

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

	General Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
LCFF sources	$ 139,485,303	$ -	$ -	$ 3,895,584	$ 143,380,887
Federal	2,840,040	-	1,288	1,806,421	4,647,749
Other state	17,295,336	73,942	104,993	14,084,558	31,558,829
Other local	17,895,529	541,528	37,804,265	3,841,514	60,082,836
Total revenues	177,516,208	615,470	37,910,546	23,628,077	239,670,301
Expenditures:					
Instruction	101,711,102	-	-	4,369,508	106,080,610
Instruction-related services:					
Supervision of instruction	11,397,914	-	-	290,698	11,688,612
Instruction library, media and technology	1,982,290	-	-	178,454	2,160,744
School site administration	10,673,851	-	-	1,585,352	12,259,203
Pupil services:					
Home-to-school transportation	5,722,240	-	-	675	5,722,915
Food services	130,671	-	-	3,312,037	3,442,708
All other pupil services	15,033,635	-	-	901,675	15,935,310
General administration:					
Data processing	2,870,720	-	-	-	2,870,720
All other general administration	9,155,705	-	-	1,538	9,157,243
Plant services	17,597,247	2,876,416	-	1,677,266	22,150,929
Facility acquisition and construction	1,775,957	37,327,011	-	6,071,168	45,174,136
Ancillary services	1,818,131	-	-	98,499	1,916,630
Community services	670,573	-	-	-	670,573
Transfers to other agencies	1,601,704	-	-	-	1,601,704
Debt service:					
Principal	-	-	19,555,000	-	19,555,000
Interest and fees	308,258	-	19,400,906	-	19,709,164
Total expenditures	182,449,998	40,203,427	38,955,906	18,486,870	280,096,201
Excess (deficiency) of revenues over (under) expenditures	(4,933,790)	(39,587,957)	(1,045,360)	5,141,207	(40,425,900)
Other financing sources (uses):					
Proceeds from bond issuance	-	33,000,000	-	-	33,000,000
Premium from bond issuance	-	-	1,463,992	-	1,463,992
Transfers in	-	-	845,715	3,706,990	4,552,705
Transfers out	(3,706,990)	-	(845,715)	-	(4,552,705)
Total other financing sources (uses)	(3,706,990)	33,000,000	1,463,992	3,706,990	34,463,992
Net change in fund balances	(8,640,780)	(6,587,957)	418,632	8,848,197	(5,961,908)
Fund balances beginning	28,928,905	37,892,589	43,270,951	17,802,357	127,894,802
Fund balances ending	$ 20,288,125	$ 31,304,632	$ 43,689,583	$ 26,650,554	$ 121,932,894

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

SEQUOIA UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total net change in fund balances - governmental funds		$ (5,961,908)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital assets additions	32,274,149	
Depreciation expense	(17,856,956)	14,417,193
The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Proceeds from bond issuance		(33,000,000)
Premium from bond issuance		(1,463,992)
Repayment of bond principal		19,555,000
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		(12,273,655)
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The difference between premiums or discounts recognized in the current period and amortized over future periods is:		1,996,287
In governmental funds, deferred loss on early retirement of long-term debt is recognized as other finances uses. In the government-wide statements, the deferred losses on early retirement of long-term debt is amortized over the life of the debt. The difference between other financing uses and amortization is:		(1,162,339)
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned exceeded the amounts used by:		(73,130)
In governmental funds, actual contributions to OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		1,702,453
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		1,921,000
Changes in net position of governmental activities		$ (14,343,091)

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

SEQUOIA UNION HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Expendable Trust Fund	Student Body Agency Fund	Total
Assets			
Cash on hand and in banks	$ 280,120	$ 1,769,009	$ 2,049,129
Total Assets	$ 280,120	$ 1,769,009	$ 2,049,129
Liabilities			
Due to student groups	$ -	$ 1,769,009	$ 1,769,009
Total Liabilities	$ -	$ 1,769,009	$ 1,769,009
Net Position			
Restricted	$ 280,120	$ -	$ 280,120
Total Net Position	$ 280,120	$ -	$ 280,120

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

SEQUOIA UNION HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Expendable Trust Fund
Additions	
Other local	$ 4,590
Deductions	
Financial assistance to students	20,416
Changes in net position	(15,826)
Net position beginning	295,946
Net position ending	$ 280,120

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

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

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements using the criteria established by GASB. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2019, the District is financially accountable for the East Palo Alto Academy Charter School and has included the charter school's financial information in the Charter School Special Revenue Fund as a blended component unit. The District does not have any other component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus except for agency funds, which have no measurement focus.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. To achieve comparability of reporting among California districts, and so as not to distort normal revenue patterns with specific respect to reimbursement grants and correction to state-aid apportionments, the California Department of Education has defined available for district as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is

recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Outflows/Deferred Inflows:

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding which is reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the District's benefit plans liability reported which is in the Statement of Net Position.

Unearned Revenue:

Unearned revenue arises when assets (such as cash) are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements (such as qualified expenditures) are met are recorded as liabilities from unearned revenue.

Unavailable Revenue:

In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows of resources as unavailable revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, nonmajor, and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund and includes transactions accounted for in the Special Reserve Fund for Postemployment Benefits. This fund is not substantially composed of restricted or committed revenue sources and does not meet the definition of a special revenue fund. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in this fund is being reported within the General Fund.

The *Building Fund* is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

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

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The District maintains the following non-major special revenue funds:

- The *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.

- The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service programs.

- The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of District property.

- The *Charter School Special Revenue Fund* is used to account for the resources and operations of dependent charter schools within the District.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The District maintains the following non-major capital projects funds:

- The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

- The *County School Facilities Fund* was established to receive apportionments from the State Schools Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects and facility hardship grants.

- The *Special Reserve Fund for Capital Projects* exists primarily to account for resources accumulated for capital outlay.

Fiduciary Funds:

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

The District maintains the following fiduciary funds:

- *Agency Funds* are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District.

- The *Expendable Trust Fund* exists primarily to account for money received from gifts or bequests in scholarship funds.

F. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and District superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

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

G. Encumbrances

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

H. Benefit Plans

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) and California State Teachers' Retirement System (CalSTRS) plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and CalSTRS. 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.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* requires that the reported results must pertain to liability and asset information within certain defined time frames. For this period, the following time frames were used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions are based on when they are due and payable in accordance with the benefit terms for the measurement period included in the OPEB plan's actuarial reports.

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

I. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is

deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All district-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

2. Fair Value Measurements

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

3. Stores Inventories and Prepaid Expenditures

Inventories

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's inventory is valued at a moving average cost and consists of expendable supplies held for consumption.

Prepaids

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

4. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported as acquisition value rather than fair value. The District utilizes a capitalization threshold of $5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Improvement of sites	20
Buildings	50
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Vehicles	8
Computer system and equipment	5
Office equipment	5

5. Compensated Absences

All vacation pay plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

6. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts as well as issuance costs if related to prepaid insurance costs, are deferred and amortized over the life of the bonds. Bonds

payable are reported net of applicable bond premium or discount. Issuance costs, not related to prepaid insurance costs, are expensed in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources or uses.

7. Fund Balance Classifications

The District maintains a minimum unassigned fund balance of not less than 3 percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aide districts such as this District are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

In accordance with Government Accounting Standards Board 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Non-spendable* fund balance includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- *Committed* fund balance includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.

- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and the Assistant Superintendent of Business Services.

- *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

8. Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. As of June 30, 2019, capital assets net of accumulated depreciation totaling $549,700,508 was increased by unspent bond proceeds of $31,304,632 and deferred outflow of resources for loss on early retirement on debt of $17,385,571 as well as reduced by related debt of $518,005,000, which excluded premiums attributed to cash reserves for debt service of $29,828,317. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Charter School Programs restrictions reflect the cash balances in the charter schools fund that are restricted to the charter school programs.

Debt Service restrictions reflect the cash balances in the debt service funds of $43,689,583 that are restricted for debt service payments by debt covenants.

Adult Education restrictions reflect the cash balances in the adult education fund that are restricted for the adult education program.

Educational Programs restrictions reflect the amounts to be expended for federal and state funded educational programs.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year.

9. Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

Until full implementation, however, local educational agencies (LEAs) will receive roughly the same amount of funding they received in 2012–13 plus an additional amount each year to bridge the gap between current funding levels and the new LCFF target levels. The budget projects the time frame for full implementation of the LCFF to be eight years.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are

due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

10. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has joined together with other school districts in the County to form the San Mateo County Schools Insurance Group ("SMCSIG") public entity risk pool. The District pays an annual premium for its property and casualty, workers' compensation, and liability insurance coverage. The Joint Powers Agreements provide that SMCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

There were no significant reductions in insurance coverage from coverage in the prior year and no insurance settlement exceeding insurance coverage.

11. Interfund Transactions

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are eliminated as part of the reconciliation to the government-wide financial statements.

12. Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated and reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

13. Accounting Estimates

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

14. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure other than the following:

Tax and Revenue Anticipation Notes (TRANs)

On July 23, 2019, the District issued $18,885,000 in TRANs maturing on June 30, 2020, with an interest rate of 2%. The TRAN are a general obligation of the District and are payable from revenues and cash receipts to be generated by the District. There are no contractual obligations related to the issuance other than the TRAN agreement. The funds were used to supplement cash flow. The TRAN was issued at a premium of $159,767.

J. Implemented New Accounting Pronouncements

GASB Statement No. 83, *Certain Asset Retirement Obligations*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. As of June 30, 2019, this Statement did not have an impact on the District's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*

This Statement addresses additional information to be disclosed in the notes to the financial statements regarding debt, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. As of June 30, 2019, this Statement did not have an impact on the District's financial statements.

K. Upcoming Accounting and Reporting Changes

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged. The District is in the process of determining the impact this Statement will have on the financial statements.

GASB issued Statement No. 87, *Leases*

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*

This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61*

The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitment and voluntary commitments extended by issuers and arrangements associated with the debt

obligations; and improving required note disclosures. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2020. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

NOTE 2 - CASH AND INVESTMENTS

Summary of Deposits

A summary of deposits as of June 30, 2019, is as follows:

Description	Carrying Amount	Fair Value	Investment Rating
Government-Wide Statements:			
Cash on hand and in banks	$ 303,274	$ 303,274	Not Rated
Cash in revolving fund	14,550	14,550	Not Rated
Cash with County	122,496,488	122,814,979	A-1
Total Cash and Investments	$ 122,814,312	$ 123,132,803	
Fiduciary Funds:			
Cash on hand and in banks	$ 2,049,129	$ 2,049,129	Not Rated

Cash in banks and revolving funds

As of June 30, 2019, the bank balances of the District's accounts totaled $2,276,767 with $1,339,102 in excess of FDIC coverage. FDIC covers up to $250,000 per issuer, per bank.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The District has the following recurring fair value measurements as of June 30, 2019:

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

Cash in County Treasury

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

based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Policies and Practices

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

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

1. 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 manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the San Mateo County Investment Pool with a fair value of approximately $222.5 million and an amortized book value of $221.9 million. The average weighted maturity for this pool is 295 days.

2. Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the San Mateo County Investment Pool is governed by the County's general investment policy. The investment with the San Mateo County Investment Pool is rated at least A-1 by Standards & Poor's Investor Service.

3. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

4. Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 - ACCOUNTS RECEIVABLE

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

Receivables	General Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Funds	Total
Federal Government	$ 1,619,840	$ -	$ -	$ 411,126	$ 2,030,966
State Government	1,106,390	-	-	137,142	1,243,532
Local Contributions	1,238,570	123,829	-	280,948	1,643,347
Other resources	2,279,364	-	229,905	163,803	2,673,072
Accounts Receivable	$ 6,244,164	$ 123,829	$ 229,905	$ 993,019	$ 7,590,917

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

As of June 30, 2019, interfund receivables and payables were as follows:

Fund	Due From Other Funds	Due to Other Funds
General Fund	$ 1,075,999	$ 1,048,304
Building Fund	524,500	6,506
Nonmajor Funds	525,449	1,071,138
Totals	$ 2,125,948	$ 2,125,948

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. Interfund transfers for fiscal year 2018-2019 were as follows:

Fund	Transfers In	Transfers Out
General Fund	$ -	$ 3,706,990
Bond Interest and Rec	845,715	845,715
Nonmajor funds	3,706,990	-
Totals	$ 4,552,705	$ 4,552,705

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2019, is shown below:

Capital Assets	Balance July 01, 2018	Additions	Deletions	Balance June 30, 2019
Land, nondepreciable	$ 36,205,870	$ -	$ -	$ 36,205,870
Construction in progress, nondepreciable	166,831,005	31,482,493	46,330,409	151,983,089
Buildings and improvements	556,000,025	46,330,409	-	602,330,434
Equipment	7,830,185	791,656	-	8,621,841
Total capital assets	766,867,085	78,604,558	46,330,409	799,141,234
Less accumulated depreciation for:				
Buildings and improvements	225,123,247	17,422,751	-	242,545,998
Equipment	6,460,523	434,205	-	6,894,728
Total accumulated depreciation	231,583,770	17,856,956	-	249,440,726
Total capital assets - net depreciation	$ 535,283,315	$ 60,747,602	$ 46,330,409	$ 549,700,508

NOTE 6 - TAX AND REVENUE ANTICIPATION NOTES

On July 3, 2018, the District issued $10,420,000 in TRANs maturing on June 28, 2019, with an interest rate of 3%. The TRAN are a general obligation of the District and are payable from revenues and cash receipts to be generated by the District. There are no contractual obligations related to the issuance other than the TRAN agreement. The funds were used to supplement cash flow. The TRAN was issued at a premium of $156,925.

NOTE 7 - SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2019, is shown below:

Long-Term Liabilities	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
General Obligation Bonds	$ 504,560,000	$ 33,000,000	$ 19,555,000	$ 518,005,000	$ 17,930,000
Unamortized bond premiums - net	30,360,612	1,463,992	1,996,287	29,828,317	-
Net pension liabilities	158,110,407	63,501,961	53,560,683	168,051,685	-
Total OPEB liability	80,556,269	17,797,823	12,218,989	86,135,103	-
Compensated Absences	748,244	224,987	151,857	821,374	205,344
Total Long-Term Liabilities	$ 774,335,532	$ 115,988,763	$ 87,482,816	$ 802,841,479	$ 18,135,344

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund from local revenues. The compensated absences, net pension liabilities and other postemployment benefits will be paid by the fund for which the employee worked.

NOTE 8 - GENERAL OBLIGATION BONDS

Through elections, the District received authorization to issue general obligation bonds (GOB) that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

In December 2012, the District issued $30,600,000 in general obligation refunding bonds with interest rates of 1.5-4% to refund $31,900,000 of outstanding 2003 Refunding Bonds and 2004 Series 2005 bonds ("refunded") with an interest rate of 3.5-5.125%. The net proceeds of $34,305,692 (after payment of $223,907 in underwriting fees, insurance, and other issuance costs) included a premium of $3,929,600 and was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,629,600. The District completed the advance refunding to finance additional cash for capital outlay, which resulted in a decrease of $2,592,018 in total debt service payments over the next 8 years. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of $2,488,843.

In April 2014, the District issued $105,810,000 in general obligation refunding bonds with interest rates of 2-5% to refund $105,295,000 of outstanding General Obligation Bonds. Series 2005B, 2005 General Obligation Refunding Bonds, and 2006 General Obligation Refunding Bonds ("refunded") with an interest rate of 3-5.5%. The net proceeds of $113,110,308 (after payment of $710,594 in underwriting fees, insurance, and other issuance costs) included a premium of $8,010,902 and was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $8,525,902.

In February 2015 the District issued $52,115,000 in general obligation refunding bonds with interest rates of 4.125-5% to refund $51,345,000 of outstanding General Obligation Bonds with higher interest rates. The net proceeds of $56,860,394 (after payment of $232,081 in underwriting fees, insurance, and other issuance costs) included a net premium of $4,977,475 and was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $5,515,395.

In September 2016 the District issued $86,850,000 in general obligation refunding bonds with interest rates of 2.125-5% to refund $86,405,000 of outstanding General Obligation Bonds with higher interest rates. The net proceeds of $96,021,037 (after payment of $678,081 in underwriting fees, insurance, and other issuance costs) included a net premium of $9,849,119 and was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $6,705,279.

The outstanding General Obligation Bond debt of the District as of June 30, 2019, is as follows:

General Obligation Bonds	Issue Date	Maturity	Interest Rate	Issued Amount	Outstanding Amount
General Obligation Bonds, Election of 2014					
General Obligation Bonds, Series 2014	10/8/14	7/1/2043	2-4%	112,000,000	96,090,000
General Obligation Bonds, Series 2016	11/9/16	7/1/2032	1-4%	120,000,000	102,435,000
General Obligation Bonds, Series 2019	5/8/19	7/1/2034	1.5-4%	33,000,000	33,000,000
General Obligation Bonds, Election of 2008					
2009 General Obligation Bonds, (Elect 2008, Series	7/9/09	7/1/2034	2.5-5%	40,000,000	1,365,000
General Obligation Refunding Bonds					
2011 General Obligation Refunding Bonds	7/14/11	7/1/2019	3-5%	11,120,000	1,905,000
2012 General Obligation Refunding Bonds	12/20/12	7/1/2029	1.5-4%	30,600,000	23,220,000
2014 General Obligation Refunding Bonds	4/2/14	7/1/2035	2-5%	105,810,000	100,220,000
2015 General Obligation Refunding Bonds	2/12/15	7/1/2032	4.125-5%	52,115,000	51,485,000
2016 General Obligation Refunding Bonds	9/1/16	7/1/2038	2.125-5%	86,850,000	81,980,000
General Obligation Bonds, Election of 2011					
General Obligation Bonds, Series 2011C-1	4/28/11	7/1/2043	3-6%	26,000,000	1,305,000
General Obligation Bonds, Series 2011C-2	4/28/11	7/1/2025	5.4-5.9%	25,000,000	25,000,000
Total General Obligation Bonds				$ 642,495,000	$ 518,005,000

The annual requirements to amortize General Obligation Bonds outstanding as of June 30, 2019, are as follows:

Year Ending June 30	Principal	Interest	Total
2020	$ 17,930,000	$ 18,863,827	$ 36,793,827
2021	16,970,000	18,634,893	35,604,893
2022	32,565,000	18,027,481	50,592,481
2023	18,745,000	16,428,184	35,173,184
2024	20,005,000	15,582,534	35,587,534
2025-2029	129,870,000	61,477,293	191,347,293
2030-2034	158,420,000	34,662,978	193,082,978
2035-2039	75,035,000	13,238,769	88,273,769
2040-2044	48,465,000	4,653,713	53,118,713
Total Debt Service	$ 518,005,000	$ 201,569,671	$ 719,574,671

NOTE 9 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in a joint powers agreement ("JPA") with the San Mateo County Schools Insurance Group ("SMCSIG"). A board consisting of a representative from each member district governs the JPA. The governing board controls the operation of the JPA independent of any influence by the District beyond the District's representation on the governing board. The JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the governing board. Member districts share surpluses and deficits proportionately to their participation. The relationship between the District and the JPA is such that the JPA not a component unit of the District for financial reporting purposes.

The following is a summary of coverage provided by SMCSIG JPA and its most recent financial statement information:

	SMCSIG June 30, 2018
Total Assets & Deferred Outflows	$ 25,857,722
Total Liabilities & Deferred Inflows	10,504,013
Total Equity	15,353,709
Total Revenues	45,214,456
Total Expenditures	42,672,851

NOTE 10 - COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

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

Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2019.

Commitments

As of June 30, 2019, the District had a remaining commitment of $12,876,184 towards services and construction. These commitments are not a liability of the District's until services or goods have been rendered.

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

California Public Employees Retirement System (CalPERS/PERS) Pension Plan

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's CalPERS Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District 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.

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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit,

the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age: minimum	50	52
Monthly benefits as a % of eligible compensation	(1)	(1)
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	18.062%	18.062%

(1) Monthly benefit is a product of benefit factor, years of service, and final compensation

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 fiscal year ending June 30, 2019, the State enacted Senate Bill No. 90 which appropriated funding to the Public Employees' Retirement Fund on behalf of the District.

For the year ended June 30, 2019, the District's contributions were as follows:

	CalPERS
Employer Contributions	$ 5,252,053
State Contributions	1,864,952
Total	$ 7,117,005

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to PERS

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
District	$ 55,006,075

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017

rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan 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 measurement dates, June 30, 2018 and 2019, was as follows:

	CalPERS
Proportion - June 30, 2018	0.20132%
Proportion - June 30, 2019	0.20630%
Change - Increase/(Decrease)	0.00498%

For the year ended June 30, 2019, the District recognized pension expense of $11,547,399 for the Plan.

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

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 5,492,114	$ -
Differences between Expected and Actual Experience	3,605,997	-
Differences between Projected and Actual Investment Earnings	451,173	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	28,526
Change in Employer's Proportion	1,860,172	-
Pension Contributions Made Subsequent to Measurement Date	5,252,053	-
Total	$ 16,661,509	$ 28,526

The District reported $5,252,053 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources CalPERS
2020	$ 6,564,802
2021	4,976,657
2022	164,141
2023	(324,670)
Total	$ 11,380,930

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

(1) Varies by age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan 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 employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2018 based on June 30, 2017 Valuations, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns

were calculated over the short-term (first 11 years) and the long-term (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 the Plan. 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. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(b) An expected inflation of 2.0% used for this period.
(c) An expected inflation of 2.92% 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 Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalPERS
1% Decrease	6.15%
Net Pension Liability	$ 80,086,214
Current	7.15%
Net Pension Liability	$ 55,006,075
1% Increase	8.15%
Net Pension Liability	$ 34,198,509

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

California State Teachers' Retirement System (STRS) Pension Plan

General Information about the STRS Pension Plan

Plan Description - The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information.

Benefits Provided - STRS 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. The cost of living adjustments for the Plan are applied as specified by the retirement Law.

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a % of eligible compensation	2%	2%
Required employee contribution rates	10.250%	10.205%
Required employer contribution rates	16.280%	16.280%
Required State contribution rates	9.828%	9.828%

Contributions - As part of the annual valuation process, the Normal Cost rate is determined as the basis for setting the base member contribution rate for the following fiscal year. Generally, the base member contribution rate is one-half of the Normal Cost rate within certain parameters. Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

For the year ended June 30, 2019 the District's contributions were as follows:

	CalSTRS
Employer Contributions	$ 11,529,282
State Contributions	10,354,324
Total	$ 21,883,606

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to STRS

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)	
District	$	113,045,610
State		64,724,264
Total	$	177,769,874

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The state contributed 9.124 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year plus an additional $4,360,177 as required by SB90. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

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

	CalSTRS
Proportion - June 30, 2018	0.11900%
Proportion - June 30, 2019	0.12300%
Change - Increase/(Decrease)	0.00400%

For the year ended June 30, 2019, the District recognized pension expense of $14,089,511 for the Plan.

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

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 17,561,940	$ -
Differences between Expected and Actual Experience	350,550	1,642,050
Differences between Projected and Actual Investment Earnings	-	4,352,970
Differences between Employer's Contributions and Proportionate Share of Contributions	221,889	-
Change in Employer's Proportion	4,896,125	1,690,011
Pension Contributions Made Subsequent to Measurement Date	11,529,282	-
Total	$ 34,559,786	$ 7,685,031

The District reported $11,529,282 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources CalSTRS
2020	$ 4,871,891
2021	3,240,911
2022	274,151
2023	2,458,237
2024	4,046,588
Thereafter	453,694
Total	$ 15,345,472

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Wage Growth	3.50%
Postretirement Benefit Increases	(1)
Investment Rate of Return	7.10% (2)
Mortality	(3)

(1) 2% simple for DB (annually)
Maintain 85% purchasing power level for DB
Not applicable for DBS/CBB

(2) Net of investment expense but gross of administrative expenses.

(3) Based on 110% of the MP-2016 Ultimate Projection Scale table issued by the Society of Actuaries.

Discount Rate - The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return [1]
Global Equity	47.00%	6.30%
Fixed Income	12.00%	30.00%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Risk Mitigating Strategies	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%
Total	100.00%	

[1] 20 year average

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

	CalSTRS
1% Decrease	6.10%
Net Pension Liability	$ 165,598,590
Current	7.10%
Net Pension Liability	$ 113,045,610
1% Increase	8.10%
Net Pension Liability	$ 69,474,090

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

NOTE 12 - POSTEMPLOYMENT HEALTHCARE PLAN (OPEB)

Plan Description and Benefits - The District's Postemployment Healthcare Plan (PHP) is a single-employer defined benefit healthcare plan including medical benefits for the following groups of employees:

	Certificated	Classified	Management
Applies to employee hired	After February 26, 1985	After April 1, 1998	After July 1, 1998
Benefit types provided	Medical only	Medical only	No additional benefits
Duration of benefits	Lifetime	To age 65	To age 65
Required service	15 years at age 65; Prior to 65, additional 1 year for each year before age 65 subject to a maximum of 10 additional years[1]	16 years @ Age 55 14 years @ Age 56 12 years Ca., Age 57 10 years @ Age 58 or older	16 years @ Age 55 14 years @ Age 56 12 years Ca., Age 57 10 years @ Age 58 or older
Minimum age	55	55	55
Dependent coverage	No	To age 65[3]	To age 65[3]
District contribution %	100% [2]	100%	100%
District cap	Highest single, active HMO rate minus the minimum CaIPERS employer contribution	Highest single, active HMO rate minus the minimum CaIPERS employer contribution	Highest single, active HMO rate minus the minimum CaIPERS employer contribution

	Certificated	Classified	Management
Applies to employee hired	Before February 26, 1985	Before April 1, 1998	Before July 1, 1998
Benefit types provided	Medical only	Medical only	Medical only
Duration of benefits	Lifetime	Lifetime	Lifetime
Required service	10 years at age 65; Prior to 65, additional 1 year for each year before age 65 subject to a maximum of 10 additional years[1]	16 years @ Age 55 14 years @ Age 56 12 years @ Age 57 10 years @ Age 58 or older	10 years at age 65; Prior to 65, additional 1 year for each year before age 65 subject to a maximum of 10 additional years[1]
Minimum age	55	55	50/55
Dependent coverage	No	To age 65[3]	No
District contribution %	100% [2]	100%	100%
District cap	Highest single, active HMO rate minus the minimum CaIPERS employer contribution	Highest single, active HMO rate minus the minimum CaIPERS employer contribution	Highest single, active HMO rate minus the minimum CaIPERS employer contribution

[1] May retire at any age with 30 years' service in public education as long as ten years is with the District.

[2] For post-65 benefits for those retiring after 1997, the District contribution can be reduced to the extent the total cost of all post-65 service credits exceeds 0.88% of the District's total revenue limit sources income

[3] For Maintenance and Operations/Support Services to spouse age 65; for Office, Technical and Paraprofessional to retiree age 65.

Employees Covered by Benefit Terms - At June 30, 2017 (the valuation date), the benefit terms covered the following employees:

Active employees	1,057
Inactive employees	503
Total employees	1,560

Contributions - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were $9,750,138, which included $7,195,210 to a trust which was not opened until after measurement date June 30, 2018 and is not reported as fiduciary trust as of measurement date June 30, 2018. Total benefit payments included in the measurement period were $2,468,851. The actuarially determined contribution for the measurement period was $11,434,974. The District's contributions were 3.6% of covered employee payroll during the measurement period June 30, 2018 (reporting period June 30, 2019). Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan as of measurement date June 30, 2018.

Actuarial Assumptions - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	3.50%
Inflation	2.75%
Payroll Increases	2.75%
Municipal Bond Rate	3.50%
Healthcare Trend Rate	4.00%
Mortality	2009 CalSTRS and 2014 CalPERS Misc
Retirement	2009 CalSTRS
Service Requirement	Cert/100% vesting/15yrs (10<65) at age 65; prior to 65 additional 1 year for each year before 65 for 10yrs. Cert/100% vesting/16yrs @55; 14 yrs@56; 12yrs@57; 10yrs@58 or older

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

Changes in the Total OPEB Liability - The following summarizes the changes in the total OPEB liability during the year ended June 30, 2019:

Fiscal Year Ended June 30, 2019 (Measurement Date June 30, 2018)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30,2018	$80,556,269	$ -	$80,556,269
Service cost	5,374,415	-	5,374,415
Interest in Total OPEB Liability	2,673,270	-	2,673,270
Benefit payments	(2,468,851)	-	(2,468,851)
Net changes	5,578,834	-	5,578,834
Balance at June 30, 2019	$86,135,103	$ -	$86,135,103

Covered Employee Payroll	$69,998,969
Total OPEB Liability as a % of Covered Employee	123.05%
Plan Fid. Net Position as a % of Total OPEB Liability	0.00%
Service Cost as a % of Covered Employee Payroll	7.68%
Net OPEB Liability as a % of Covered Employee Payroll	123.05%

The District's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources - At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ -	$ -
Difference between actual and expected earnings	-	-
Change in assumptions	-	-
OPEB contribution subsequent to measurement date	9,750,138	-
Totals	$ 9,750,138	$ -

Of the total amount reported as deferred outflows of resources related to OPEB, $9,750,138 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability in the year ended June 30, 2020.

OPEB Expense - The following summarizes the OPEB expense by source during the year ended June 30, 2019, for measurement date of June 30, 2018:

Service cost	$ 5,374,415
Interest in TOL	2,673,270
OPEB Expense	**$ 8,047,685**

The following summarizes changes in the total OPEB liability as reconciled to OPEB expense during the year ended June 30, 2019, for the measurement date of June 30, 2018:

Total OPEB liability ending	$ 86,135,103
Total OPEB liability begining	(80,556,269)
Change in total OPEB liability	5,578,834
Employer contributions and implict subsidy	2,468,851
OPEB Expense	**$ 8,047,685**

Sensitivity to Changes in the Municipal Bond Rate - 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 municipal bond rate (used to determine the discount rate) that is one percentage point lower or one percentage point higher, is as follows:

	Municipal Bond Rate		
	(1% Decrease)	**3.50%**	**(1% Increase)**
Total OPEB Liability	$ 99,384,590	$ 86,135,103	$ 74,634,260

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

	Trend Rate		
	(1% Decrease)	**4.00%**	**(1% Increase)**
Total OPEB Liability	$ 75,111,901	$ 86,135,103	$ 98,128,806

REQUIRED SUPPLEMENTARY INFORMATION

SEQUOIA UNION HIGH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive - (Negative)
	Original	Final	Actual (GAAP Basis)	
Revenues:				
LCFF sources	$ 139,445,525	$ 139,779,574	$ 139,485,303	$ (294,271)
Federal	3,029,861	3,436,067	2,840,040	(596,027)
Other state	5,400,689	7,764,951	17,295,336	9,530,385
Other local	14,831,415	15,470,299	17,895,529	2,425,230
Total revenues	162,707,490	166,450,891	177,516,208	11,065,317
Expenditures:				
Certificated salaries	66,279,010	69,454,335	69,101,334	353,001
Classified salaries	24,763,611	26,348,326	26,731,425	(383,099)
Employee benefits	40,832,046	41,997,838	60,460,004	(18,462,166)
Books and supplies	5,678,116	7,432,177	5,766,595	1,665,582
Services and other operating expenditures	17,378,081	19,303,934	16,711,983	2,591,951
Capital outlay	226,226	1,135,270	2,076,953	(941,683)
Other outgo	1,698,486	1,535,601	1,601,704	(66,103)
Total expenditures	156,855,576	167,207,481	182,449,998	(15,242,517)
Excess (deficiency) of revenues over (under) expenditures	5,851,914	(756,590)	(4,933,790)	(4,177,200)
Other financing sources (uses):				
Transfers in	-	27,101	-	(27,101)
Transfers out	(3,275,000)	(10,560,334)	(3,706,990)	6,853,344
Total other financing sources (uses)	(3,275,000)	(10,533,233)	(3,706,990)	6,826,243
Net change in fund balance	2,576,914	(11,289,823)	(8,640,780)	2,649,043
Fund balances beginning	28,928,905	28,928,905	28,928,905	-
Fund balances ending	$ 31,505,819	$ 17,639,082	$ 20,288,125	$ 2,649,043

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP. Employee benefits exceeded budget as noted above because of unanticipated onbehalf payments for STRS and PERS from the state, which is offset by revenue.

SEQUOIA UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CalPERS	2015	2016	2017	2018	2019
Contractually Required Contributions	$ 2,407,702	$ 2,686,799	$ 3,560,932	$ 4,262,618	$ 5,252,053
Contributions in Relation to Contractually Required Contributions	2,407,702	2,686,799	3,560,932	4,262,618	5,252,053
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 20,454,524**	**$ 22,678,577**	**$ 25,640,351**	**$ 27,445,870**	**$ 29,077,915**
Contributions as a % of Covered Payroll	**11.77%**	**11.85%**	**13.89%**	**15.53%**	**18.06%**

Notes to Schedule:

Valuation Date: June 30, 2017

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
4 Years Remaining Amortization Period
Inflation Assumed at 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

CalSTRS	2015	2016	2017	2018	2019
Contractually Required Contributions	$ 5,110,180	$ 6,388,280	$ 7,992,627	$ 9,559,920	$ 11,529,282
Contributions in Relation to Contractually Required Contributions	5,110,180	6,388,280	7,992,627	9,559,920	11,529,282
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	**$ 57,547,072**	**$ 59,536,626**	**$ 63,534,396**	**$ 66,250,312**	**$ 70,818,686**
Contributions as a % of Covered Payroll	**8.88%**	**10.73%**	**12.58%**	**14.43%**	**16.28%**

Notes to Schedule:

Valuation Date: June 30, 2017

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll Basis
7 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.10%
Mortality tables are based on 110% of the MP-2016 Ultimate Projection Scale table issued by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule provides information about the District’s required and actual contributions to CalPERS / CalSTRS during the year.

SEQUOIA UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CalPERS	2015	2016	2017	2018	2019
District's Proportion of Net Pension Liability	0.18200%	0.18264%	0.18446%	0.20132%	0.20630%
District's Proportionate Share of Net Pension Liability	$ 20,661,432	$ 26,921,835	$ 36,431,747	$ 48,060,397	$ 55,006,075
District's Covered Payroll	$ 19,105,567	$ 20,454,524	$ 22,678,577	$ 25,640,351	$ 27,445,870
District's Proportionate Share of NPL as a % of Covered Payroll	**108.14%**	**131.62%**	**160.64%**	**187.44%**	**200.42%**
Plan's Fiduciary Net Position as a % of the TPL	**83.38%**	**79.43%**	**73.90%**	**71.87%**	**70.85%**

CalSTRS	2015	2016	2017	2018	2019
District's Proportion of Net Pension Liability	0.10860%	0.10780%	0.10968%	0.11900%	0.12300%
District's Proportionate Share of Net Pension Liability	$ 63,463,668	$ 72,578,438	$ 88,711,268	$ 110,050,010	$ 113,045,610
State's Proportionate Share of Net Pension Liability Associated with the District	38,321,901	38,386,010	50,501,551	65,104,485	64,724,264
Total	$ 101,785,569	$ 110,964,448	$ 139,212,819	$ 175,154,495	$ 177,769,874
District's Covered Payroll	$ 52,261,574	$ 57,547,072	$ 59,536,626	$ 63,534,396	$ 66,250,312
District's Proportionate Share of NPL as a % of Covered Payroll	**121.43%**	**126.12%**	**149.00%**	**173.21%**	**170.63%**
Plan's Fiduciary Net Position as a % of the TPL	**76.52%**	**74.02%**	**70.04%**	**69.46%**	**70.99%**

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.
The CalPERS discount rate was increased from 7.5% to 7.65% in the District's fiscal year 2016 and then decreased from 7.65% to 7.15% in the District's fiscal year 2018.
The CalPERS inflation assumption was decreased from 2.75% to 2.50% during the District's fiscal year 2019.
The CalPERS mortality assumptions was adjusted in the District's fiscal year 2019.
The CalSTRS discount rate was decreased from 7.6% to 7.1% in the District's fiscal year 2017.
The CalSTRS investment rate of return was decreased from 7.6% to 7.1% during the District's fiscal year 2017.
The CalSTRS inflation rate was decreased from 3% to 2.75% during the District's fiscal year 2017.
The CalSTRS wage growth was decreased from 3.75% to 3.5% during the District's fiscal year 2017.
This schedule presents information on the District’s portion of the net pension liability of CalPERS / CalSTRS in compliance with GASB 68.

SEQUOIA UNION HIGH SCHOOL DISTRICT
SCHEDULE OF TOTAL OPEB LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Fiscal Year Ended	**2018**	**2019**
Total OPEB liability		
Service cost	$ 5,374,415	$ 5,374,415
Interest	2,673,270	2,673,270
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments	(2,514,493)	(2,468,851)
Implicit subsidy fullfilled	-	-
Net change in Total OPEB Liability	5,533,192	5,578,834
Total OPEB Liability - beginning	75,023,077	80,556,269
Total OPEB Liability - ending	$ 80,556,269	$ 86,135,103
Plan fiduciary net position		
Employer contributions	$ 2,514,493	$ 2,468,851
Employer implict subsidy	-	-
Employee contributions	-	-
Net investment income	-	-
Difference between estimated and actual earnings	-	-
Benefit payments	(2,514,493)	(2,468,851)
Implicit subsidy fullfilled	-	-
Other	-	-
Administrative expense	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	$ -	$ -
Net OPEB liability (asset)	$ 80,556,269	86,135,103
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered Employee Payroll	$ 66,302,207	$ 68,125,517
Net OPEB liability as a percentage of covered employee payroll	121.50%	126.44%
Total OPEB liability as a percentage of covered employee payroll	121.50%	126.44%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

There were not changes in benefit terms.

There were no changes in discount rates, trend rates or assumptions.

Page Intentionally Left Blank

SUPPLEMENTARY INFORMATION

SEQUOIA UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds			
	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Charter Schools Special Revenue Fund
Assets				
Cash and investments	$ 686,515	$ 28,675	$ 3,521,941	$ 252,004
Accounts receivable	384,271	164,803	21,455	294,778
Due from other funds	2,126	65,046	-	458,277
Total Assets	$ 1,072,912	$ 258,524	$ 3,543,396	$ 1,005,059
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 77,893	$ 26,015	$ 18,219	$ 64,739
Due to other funds	17,654	143,621	-	904,594
Unearned revenue	-	26,679	-	2,563
Total Liabilities	95,547	196,315	18,219	971,896
Fund balances:				
Nonspendable revolving funds	50	7,000	-	-
Restricted for adult education	623,514	-	-	-
Restricted for cafeteria programs	-	55,209	-	-
Restricted for charter school programs	-	-	-	33,163
Assigned for facility projects	-	-	-	-
Assigned for capital projects	-	-	-	-
Assigned for site repairs	-	-	3,525,177	-
Assigned for adult education	353,801	-	-	-
Total Fund Balances	977,365	62,209	3,525,177	33,163
Total Liabilities and Fund Balances	$ 1,072,912	$ 258,524	$ 3,543,396	$ 1,005,059

Capital Projects Funds			
Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Projects	Total Nonmajor Funds
$ 2,510,151	$ 12,728,561	$ 6,727,517	$ 26,455,364
13,877	24,007	89,828	993,019
-	-	-	525,449
$ 2,524,028	$ 12,752,568	$ 6,817,345	$ 27,973,832
$ -	$ 1,934	$ 34,098	$ 222,898
1,423	3,846	-	1,071,138
-	-	-	29,242
1,423	5,780	34,098	1,323,278
-	-	-	7,050
-	-	-	623,514
-	-	-	55,209
-	-	-	33,163
2,522,605	12,746,788	-	15,269,393
-	-	6,783,247	6,783,247
-	-	-	3,525,177
-	-	-	353,801
2,522,605	12,746,788	6,783,247	26,650,554
$ 2,524,028	$ 12,752,568	$ 6,817,345	$ 27,973,832

SEQUOIA UNION HIGH SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Charter Schools Special Revenue Fund
Revenues:				
LCFF Sources	$ -	$ -	$ -	$ 3,895,584
Federal	381,638	1,268,391	-	156,392
Other state	1,685,108	191,567	-	486,871
Other local	118,695	829,632	79,091	954,519
Total revenues	2,185,441	2,289,590	79,091	5,493,366
Expenditures:				
Instruction	705,563	-	-	3,663,945
Instruction-related services:				
Supervision of instruction	187,095	-	-	103,603
Instruction library, media and technology	-	-	-	178,454
School site administration	865,271	-	-	720,081
Pupil services:				
Home-to-school transportation	-	-	-	675
Food services	-	3,312,037	-	-
All other pupil services	140,213	-	-	761,462
General administration:				
All other general administration	-	-	-	1,538
Plant services	208,490	-	259,694	435,234
Facility acquisition and construction	-	-	279,569	-
Ancillary services	-	-	-	98,499
Total expenditures	2,106,632	3,312,037	539,263	5,963,491
Excess (deficiency) of revenues over (under) expenditures	78,809	(1,022,447)	(460,172)	(470,125)
Other financing sources (uses):				
Transfers in	35,187	1,025,013	800,000	346,790
Transfers out	-	-	-	-
Total other financing sources (uses)	35,187	1,025,013	800,000	346,790
Net change in fund balances	113,996	2,566	339,828	(123,335)
Fund balances beginning	863,369	59,643	3,185,349	156,498
Fund balances ending	$ 977,365	$ 62,209	$ 3,525,177	$ 33,163

Capital Projects Funds			
Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Projects	Total Nonmajor Funds
$ -	$ -	$ -	$ 3,895,584
-	-	-	1,806,421
-	11,721,012	-	14,084,558
1,465,273	52,285	342,019	3,841,514
1,465,273	11,773,297	342,019	23,628,077
-	-	-	4,369,508
-	-	-	290,698
-	-	-	178,454
-	-	-	1,585,352
-	-	-	675
-	-	-	3,312,037
-	-	-	901,675
-	-	-	1,538
28,270	-	745,578	1,677,266
4,176,253	1,309,473	305,873	6,071,168
-	-	-	98,499
4,204,523	1,309,473	1,051,451	18,486,870
(2,739,250)	10,463,824	(709,432)	5,141,207
-	-	1,500,000	3,706,990
-	-	-	-
-	-	1,500,000	3,706,990
(2,739,250)	10,463,824	790,568	8,848,197
5,261,855	2,282,964	5,992,679	17,802,357
$ 2,522,605	$ 12,746,788	$ 6,783,247	$ 26,650,554

Page Intentionally Left Blank

STATE AND FEDERAL AWARD COMPLIANCE SECTION

SEQUOIA UNION HIGH SCHOOL DISTRICT
ORGANIZATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

The District was established in 1895 and now serves approximately 8,250 students. The District is located in San Mateo County and is comprised of four high schools and one continuation high school. There were not any changes in the District's boundaries during the year.

Governing Board

Name	Office	Term Expires
Georgia Jack	President	2020
Allen Weiner	Vice President	2020
Alan Sarver	Clerk	2022
Carrie DuBois	Trustee	2020
Chris Thomsen	Trustee	2022

Administration

Mary E. Streshly, Ed.D
Superintendent

Crystal Leach
Assistant Superintendent, Administrative Services

Bonnie Hansen
Assistant Superintendent, Educational Services

Jacqueline McEvoy
Assistant Superintendent, Human Resources & Student Services

SEQUOIA UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Total ADA		Classroom Based	
Sequoia Union High School District	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA:				
Grades nine through twelve	8,166.28	8,296.74	8,166.28	8,296.74
Special education - nonpublic, nonsect schools:				
Grades nine through twelve	37.62	39.28	37.62	39.28
Extended year special education - nonpublic, nonsect schools:				
Grades nine through twelve	0.69	0.69	0.69	0.69
Regular ADA Totals	8,204.59	8,336.71	8,204.59	8,336.71
Classes for Adults:				
Adults in correctional facilities	2.44	3.30	2.44	3.30
District ADA Totals	8,207.03	8,340.01	8,207.03	8,340.01
Charter School				
Regular ADA:				
Grades nine through twelve	312.20	309.85	312.20	309.85

SEQUOIA UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Grade Level	Minutes Requirements	2019 Actual Minutes	(Unaudited) 2019 Original Scheduled Minutes	Actual Number of Days Traditional Calendar	(Unaudited) Scheduled Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Sequoia Union High School District							
Grade 9	64,800	64,460	64,960	179	180	-	In compliance [1]
Grade 10	64,800	64,460	64,960	179	180	-	In compliance [1]
Grade 11	64,800	64,460	64,960	179	180	-	In compliance [1]
Grade 12	64,800	64,460	64,960	179	180	-	In compliance [1]
Sequoia Union High School District Charter School - East Palo Alto Academy							
Grade 9	64,800	64,460	64,840	179	180	-	In compliance [1]
Grade 10	64,800	64,460	64,840	179	180	-	In compliance [1]
Grade 11	64,800	64,460	64,840	179	180	-	In compliance [1]
Grade 12	64,800	64,460	64,840	179	180	-	In compliance [1]

(1) The District and the Charter have approved Form J-13A, Request for Allowance of Attendance Due to Emergency Conditions, for school closure due to California wild fires. Pursuant to Education Code section 41422, 46200, 46391, 46392 and the California Code of Regulations the approved Form J-13A combined with attendance records were used to document compliance with instructional time laws.

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts and charter schools, including basic aid districts.

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

SEQUOIA UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school whether or not the charter school is included in the District audit.

Schedule of Charter Schools:

Charter School	Charter School Number	Status
Summit Preparatory High School	0835	Excluded from financial statements
Everest Public High School	1070	Excluded from financial statements
East Palo Alto Academy – Stanford	1446	Included in financial statements

SEQUOIA UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	(Budget [1]) 2020	2019	2018	2017
General Fund				
Revenues and other financial sources	$ 174,588,005	$ 177,516,208	$ 164,650,454	$ 146,852,908
Expenditures	174,428,915	182,449,998	155,882,018	142,276,007
Other uses and transfers out	1,969,500	3,706,990	2,660,230	3,505,416
Total outgo	176,398,415	186,156,988	158,542,248	145,781,423
Change in fund balance	$ (1,810,410)	$ (8,640,780)	$ 6,108,206	$ 1,071,485
Ending fund balance	$ 18,477,715	$ 20,288,125	$ 28,928,905	$ 22,820,699
Available reserves [(2)]	$ 18,470,193	$ 10,398,871	$ 9,264,983	$ 8,747,000
Designated for economic uncertainty	$ 10,576,405	$ 10,391,350	$ 9,264,983	$ 8,747,000
Unassigned fund balance	$ -	$ 7,521	$ -	$ -
Available reserves as a percentage of total outgo	10.47%	5.59%	5.84%	6.00%
Total long-term debt	$ 784,706,135	$ 802,841,479	$ 774,335,532	$ 708,653,027
Average daily attendance at P-2	8,205	8,517	8,547	8,464

Average daily attendance has increased by 53 over the past three years. The district anticipates an decrease of 312 ADA.

The general fund balance has decreased by $2,532,574 over the past three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The district has shown an operating surplus in two of the past three years. Total long-term debt has increased by $94,188,452 over the past three years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2019/20.

[2] Available reserves consists of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

SEQUOIA UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PROGRAM NAME		FEDERAL CATALOG NUMBER	PASS THROUGH NUMBER	PROGRAM EXPENDITURE
U. S. DEPARTMENT OF EDUCATION				
Passed Through California Department of Education				
Special Education Cluster				
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	(1)	84.027	13379	$ 1,525,462
Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	(1)	84.027	10115	21,239
Total Special Education Cluster				1,546,701
Title III				
ESSA: Title III, Immigrant Education Program		84.365	15146	5,670
ESSA: Title III, English Learner Student Program		84.365	14346	138,653
Total Title III				144,323
Adult Education				
Adult Education: Adult Basic Education & ESL		84.002A	14508	174,394
Adult Education: Adult Secondary Education		84.002	13978	98,450
Adult Education: English Literacy & Civics Education		84.002A	14109	108,794
Total Adult Education				381,638
ESSA: Title I, Part A, Basic Grants Low-Income and Neglected		84.010	14329	922,556
ESSA: Title I, Part C, Migrant Ed		84.011	14326	89,736
Carl D. Perkins Career and Technical Education: Secondary, Section 131		84.048	14894	185,081
ESSA: Title II, Part A, Supporting Effective Instruction		84.367	14341	204,403
ESSA: Title IV, Part A, Student Support and Academic Enrichment Grants		84.424	15396	14,000
TOTAL U. S. DEPARTMENT OF EDUCATION				3,488,438
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through California Department of Health Care Services				
Unrestricted: Medi-Cal Administrative Activities (MAA)		93.778	10060	5,032
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				5,032
U. S. DEPARTMENT OF AGRICULTURE				
Passed Through California Department of Education				
Child Nutrition Cluster				
National School Lunch Program		10.555	13524	911,652
School Breakfast Needy		10.553	13526	350,681
Total Child Nutrition Cluster				1,262,333
NSLP Equipment Assistance Grants				6,058
TOTAL U. S. DEPARTMENT OF AGRICULTURE				1,268,391
TOTAL FEDERAL PROGRAMS				$ 4,761,861

(1) Audited as major program

SEQUOIA UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
TO THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund	Bond Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2019 Annual Financial and Budget Report Fund Balances	$ 20,238,340	$ 31,304,632	$ 43,689,583	$ 26,692,818
Adjustments and Reclassifications:				
Accounts Receivable Adjustment	7,521	-	-	-
Special Reserve Fund for Postemployment Benefits: GASB 54 Consolidation	42,264	-	-	(42,264)
June 30, 2019 Audited Financial Statements Fund Balances	$ 20,288,125	$ 31,304,632	$ 43,689,583	$ 26,650,554

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206 and whether the Charter School complied with Education Code Sections 47612 and 47612.5.

C. Schedule of Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District's financial statements.

D. Schedule of Financial Trends and Analysis

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

E. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements.

F. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the Unaudited Actual Financial Report in SACS to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEMS

There were no material unreconciled differences between the District's records and the schedule of federal grant activity as shown on the Schedule of Expenditures of Federal Awards.

3. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

OTHER INDEPENDENT AUDITOR'S REPORTS

CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Sequoia Union High School District
Redwood City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sequoia Union High School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not identified. We did identify a certain deficiency in internal controls, described in the accompanying schedule of findings and questions costs, that we consider to be a material weakness; see finding 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

District's Response to Findings

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

Purpose of this Report

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

C & A LLP

December 11, 2019
San Jose, California

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Education
Sequoia Union High School District
Redwood City, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the

1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

C & A LLP

December 11, 2019
San Jose, California

1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

The Honorable Board of Trustees
Sequoia Union High School District
Redwood City, California

Compliance

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit, guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on compliance with the state laws and regulations described in the schedule below, occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	N/A
Independent Study	No
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes

1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Description	Procedures Performed
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	N/A
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	No
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	N/A

We did not perform the audit procedures for the Independent Study and Independent Study-Course Based program because the ADA was under the level that requires testing.

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2019.

C & A LLP

December 11, 2019
San Jose, California

1475 Saratoga Ave, Suite 180, San Jose, CA 95129
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com

Page Intentionally Left Blank

FINDINGS AND RECOMMENDATIONS

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Modified**
Internal control over financial reporting:	
Material weaknesses?	**x** Yes ____ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes **x** None Reported
Non-compliance material to financial statements noted?	____ Yes **x** No

Federal Awards

Internal control over major programs:	
Material weaknesses?	____ Yes **x** No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes **x** None Reported
Type of auditor's report issued on compliance over major programs	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	____ Yes **x** No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
84.027	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low risk auditee?	**x** Yes ____ No

State Awards

Internal control over state programs:	
Material weaknesses?	____ Yes **x** No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes **x** None Reported
Type of auditor's report issued on compliance over state programs:	**Unmodified**

Section II – Financial Statement Findings

Finding 2019-001: Capital Assets (30000)

Criteria: Generally accepted accounting principles (GAAP) and Education Code Section 35168 require the District to maintain records that properly account for capital assets. Capital asset records serve as a management tool and have an important bearing on management decisions, such as long-range acquisition and abandonment projections.

Condition: During the audit of the District's capital assets we noted deficiencies in the District's process to maintain the capital asset listing as it relates to additions, deletions, completion of projects (construction in progress to depreciable asset) and accumulated depreciation.

Effect: The District's capital asset balance could incorrectly include or exclude capital assets. As well as include incorrect calculations of depreciation expense.

Cause: Due to personnel turnover and obsolete capital asset tracking software, the District has been unable to oversee the tracking of capital assets throughout the year.

Recommendation: We recommend the District verify the current listing of capital assets, as well as ensure that internal control procedures are followed throughout the year to adequately track additions, deletions, completion of projects, and accumulated depreciation in the District's capital asset program. The District should investigate the need for updating the fixed assets tracking software or training to the staff in the Business Office and ensure that an up-to-date capital asset listing of all assets of $5,000 is maintained throughout each fiscal year.

Corrective Action Plan: The District agrees with the auditor's recommendation and will implement policies and procedures during fiscal year 2018-19 to address the causes of the condition(s) noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.

Section II – Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE DISTRICT

The District serves the communities of Atherton, Belmont, East Palo Alto, Menlo Park, Portola Valley, Redwood City, San Carlos and Woodside, all located within the County of San Mateo (the "County"). The following economic and demographic data for selected cities and the County are presented for informational purposes only. The Refunding Bonds are not a debt or obligation of the selected cities or the County, and taxes to pay the Refunding Bonds are levied only on taxable property located within the District.

General

The District is located on the San Francisco Peninsula and is about 25 miles south of San Francisco and about 25 miles north of San Jose, just north of the heart of Silicon Valley. Several large technology employers are located in the District, including Oracle America, Inc. and Electronic Arts, Inc. Apple, Facebook, Cisco and Google are also headquartered nearby, and Stanford University lies approximately six miles to the south of the District. U.S. Interstate Highway 280, U.S. Route 101 and State Routes 82 and 84 traverse the District, facilitating commutes to both downtown San Francisco and San Jose. Commuter rail transportation to San Francisco and San Jose is provided by Caltrain.

Population

As of January 1, 2019, the population of Redwood City was 85,319 persons, or 11.0% of the County's total population. The populations of Menlo Park, San Carlos and East Palo Alto are 35,790, 29,864 and 30,499 persons, respectively and represent 4.6%, 3.9% and 3.9% of the total County population, respectively. The populations of Redwood City, Menlo Park, San Carlos, East Palo Alto and the County from 2011 to 2019 are shown in the following table.

POPULATION
CITIES OF REDWOOD CITY, MENLO PARK, SAN CARLOS, EAST PALO ALTO AND COUNTY OF SAN MATEO
2011 Through 2019

	City of Redwood City		City of Menlo Park		City of San Carlos		City of East Palo Alto		County of San Mateo	
Year	Population	Annual % Change	Population	Annual % Change	Population	Annual % Change	Population	Annual % Change	Population	Annual % Change
2011	77,299	0.6	32,201	0.5	28,494	0.3	28,247	0.3	722,372	0.5
2012	78,049	1.0	32,443	0.8	28,646	0.5	28,395	0.5	727,793	0.8
2013	79,159	1.4	32,715	0.8	28,962	1.1	28,706	1.1	736,647	1.2
2014	80,768	2.0	32,896	0.6	29,219	0.9	28,934	0.8	745,193	1.2
2015	84,179	4.2	33,693	2.4	28,910	(1.1)	30,316	4.8	759,155	1.9
2016	85,992	2.2	33,863	0.5	29,008	0.3	30,545	0.8	766,041	0.9
2017	86,271	0.3	34,789	2.7	29,681	2.3	30,718	0.6	770,256	0.5
2018	84,444	(2.1)	35,802	2.9	29,832	0.5	30,478	(0.8)	772,372	0.3
2019	85,319	1.0	35,790	0.0	29,864	0.1	30,499	0.1	774,485	0.3

Source: California State Department of Finance: City/County Population Estimates with Annual Percent Change, January 1, 2011 and 2012; E-1: City/County Population Estimates with Annual Percent Change, January 1, 2013 through January 1, 2019.

Employment

The following table summarizes industry employment in the County from 2011 through 2017. Trade, transportation and utilities, professional and business services, and goods producing are the largest employment sectors in the County.

ANNUAL AVERAGE INDUSTRY EMPLOYMENT
COUNTY OF SAN MATEO
2011 Through 2017[(1)]

Industry	2013	2014	2015	2016	2017
Total Farm	1,700	1,800	1,800	1,800	1,700
Goods Producing	40,000	41,200	42,800	43,600	45,200
Trade, Transportation & Utilities	72,300	74,300	74,100	75,900	77,100
Information	23,800	26,700	27,900	31,600	34,900
Financial Activities	20,700	21,700	21,600	22,500	22,700
Professional & Business Services	71,200	75,200	76,200	81,400	81,300
Educational & Health Services	40,500	43,000	44,100	45,100	47,200
Leisure & Hospitality	39,400	40,900	42,200	42,600	43,800
Other Services	13,400	13,900	14,000	13,700	13,500
Government	30,400	31,200	32,300	32,900	33,000
Total, All Industries[(1)]	353,500	369,800	376,900	391,000	400,300

(1) Most recent data available. Figures are rounded to the nearest hundred. Columns may not add to totals due to rounding.
Source: California Employment Development Department.

The following tables summarize the civilian labor force, employment and unemployment in the cities of Redwood City, Menlo Park, San Carlos, East Palo Alto and the County from 2011 to 2018. The unemployment rate in the County as of December 2018 was approximately 2.0%.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
CITY OF REDWOOD CITY
Annual Averages, 2011 Through 2018

Year	Civilian Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2011	42,600	39,700	2,900	6.9%
2012	44,000	41,400	2,600	5.9
2013	45,200	43,000	2,200	4.8
2014	46,800	45,000	1,800	3.8
2015	48,200	46,700	1,500	3.1
2016	50,000	48,600	1,400	2.7
2017	49,200	48,200	1,000	2.0
2018[(1)]	51,800	50,800	1,000	1.9

(1) Monthly data for December 2018, not seasonally adjusted.
Source: California Employment Development Department.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
CITY OF MENLO PARK
Annual Averages, 2011 Through 2018

Year	Civilian Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2011	17,100	16,100	1,000	6.0%
2012	17,600	16,700	900	5.1
2013	17,900	17,100	700	4.2
2014	18,200	17,600	600	3.3
2015	18,800	18,300	500	2.7
2016	19,000	18,500	400	2.4
2017	18,000	17,700	300	1.7
2018[(1)]	20,100	19,700	400	1.8

[(1)] Monthly data for December 2018, not seasonally adjusted.
Source: California Employment Development Department.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
CITY OF SAN CARLOS
Annual Averages, 2011 Through 2018

Year	Civilian Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2011	15,600	14,500	1,200	7.4%
2012	16,100	15,100	1,000	6.3
2013	16,300	15,400	800	5.2
2014	16,700	16,000	700	4.2
2015	17,200	16,600	600	3.4
2016	17,300	16,800	500	3.0
2017	17,000	16,600	500	2.8
2018[(1)]	18,000	17,600	400	2.1

[(1)] Monthly data for December 2018, not seasonally adjusted.
Source: California Employment Development Department.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
CITY OF EAST PALO ALTO
Annual Averages, 2011 Through 2018

Year	Civilian Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2011	14,000	12,400	1,600	11.7%
2012	14,300	12,900	1,400	10.0
2013	14,400	13,200	1,200	8.3
2014	14,600	13,700	1,000	6.7
2015	15,000	14,200	800	5.4
2016	15,100	14,400	700	4.8
2017	16,400	15,800	600	3.9
2018[1]	15,500	15,100	400	2.4

[1] Monthly data for December 2018, not seasonally adjusted.
Source: California Employment Development Department.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
COUNTY OF SAN MATEO
Annual Averages, 2011 Through 2018

Year	Civilian Labor Force	Employed Labor Force	Unemployed Labor Force[1]	Unemployment Rate
2011	399,900	369,800	30,000	7.5%
2012	412,700	386,200	26,400	6.4
2013	419,100	397,100	22,000	5.3
2014	429,400	411,400	18,100	4.2
2015	442,000	427,000	15,000	3.4
2016	448,600	435,200	13,400	3.0
2017	452,300	440,200	12,100	2.7
2018[2]	466,200	456,700	9,500	2.0

[1] Unemployment rate is calculated using unrounded data.
[2] Monthly data for December 2018, not seasonally adjusted.
Source: California Employment Development Department.

Major Employers

The following tables show the largest employers located in the cities of Redwood City, Menlo Park, San Carlos, East Palo Alto and the County of San Mateo.

LARGEST EMPLOYERS
CITY OF REDWOOD CITY
As of June 30, 2019

	Employer	Industry	Number of Employees
1.	Oracle Corporation	Application Software	6,154
2.	County of San Mateo	Government	2,446
3.	Electronic Arts	Electronic Gaming	1,478
4.	Kaiser Foundation Hospitals	Health Care	923
5.	Sequoia Hospital	Health Care	915
6.	Box Inc.	Electronic Content Management	855
7.	Stanford Hospital and Clinics	Health Care	750
8.	Redwood City School District	Education	713
9.	City of Redwood City	Government	574
10.	Genomic Health Inc.	Health Care	551

Source: City of Redwood City Comprehensive Annual Financial Report for fiscal year ended June 30, 2019.

LARGEST EMPLOYERS
CITY OF MENLO PARK
As of June 30, 2019

	Employer	Industry	Number of Employees
1.	Facebook, Inc.	Social Network	15,407
2.	SRI International	Research & Development	1,418
3.	Grail, Inc.	Biotechnology	350
4.	E*Trade Financial Corporation	Financial Services	331
5.	Intersect ENT	Medical Device Company	327
6.	Pacific Biosciences of California	Biotechnology Research Equipment Manufacturing	320
7.	Safeway Stores Inc.	Research & Development	300
8.	SHR Hotel, L.L.C.	Hotels & Accommodations	292
9.	City of Menlo Park	Government	287
10.	United Parcel Service	Air Delivery & Freight Services	261

Source: City of Menlo Park Comprehensive Annual Financial Report for fiscal year ended June 30, 2019.

LARGEST EMPLOYERS
CITY OF SAN CARLOS
As of June 30, 2019

	Employer	Industry	Number of Employees
1.	Palo Alto Medical Foundation	Wireless Switching & Transmission Equipment Manufacturing	500
2.	Natera Inc.	Testing Laboratories	405
3.	Pacific Gas & Electric	Electricity Generation & Distribution	284
4.	Recology	Waste Management	240
5.	Novartis Pharmaceuticals	Pharmaceuticals	230
6.	Opportun, Inc.	Financial Services	219
7.	Delta Star Inc.	Electrical Equipment Manufacturer	216
8.	The Home Depot	Home Improvement Retailer	212
9.	Check Point Software Tech Inc.	Computer Software	208
10.	SC Transit Village, Inc.	Transportation	202

Source: City of San Carlos Comprehensive Annual Financial Report for fiscal year ended June 30, 2019.

LARGEST EMPLOYERS
CITY OF EAST PALO ALTO
As of June 30, 2019

	Employer	Industry	Number of Employees
1.	Ravenswood City School District	Education	332
2.	Ikea	Retail	288
3.	Four Seasons Hotel	Hospitality	270
4.	Ravenswood Family Health Center	Health Care	212
5.	Home Depot	Retail	195
6.	City of East Palo Alto	Government	117
7.	NTT i3	Software	85
8.	Target	Retail	70
9.	Nordstrom Rack	Retail	60
10.	Eastside College Preparatory School	Education	-[1]

[1] Data not provided.
Source: City of East Palo Alto Comprehensive Annual Financial Report for fiscal year ended June 30, 2019.

LARGEST EMPLOYERS
COUNTY OF SAN MATEO
As of June 30, 2019

	Employer	Industry	Number of Employees
1.	Facebook Inc.	Social Network	14,000
2.	Genentech Inc.	Biotechnology	9,500
3.	Oracle Corp.	Hardware and Software	7,535
4.	County of San Mateo	Government	5,570
5.	Gilead Sciences Inc.	Biotechnology	4,000
6.	Walmart Labs	Retail technology	2,000
7.	YouTube LLC	Online Video Streaming Platform	2,000
8.	Robert Half International Inc.	Personnel Services	1,668
9.	Sony Interactive Entertainment	Interactive Entertainment	1,602
10.	Electronic Arts, Inc.	Interactive Entertainment	1,520

Source: County of San Mateo Comprehensive Annual Financial Report for fiscal year ended June 30, 2019.

Construction Activity

The level of construction activity in the cities of Redwood City, Menlo Park, San Carlos and East Palo Alto and the County as measured by total building permits for residential units is shown in the following tables.

BUILDING PERMITS
CITY OF REDWOOD CITY
2013 Through 2017[(1)]

	2013	2014	2015	2016	2017
Residential Units:					
Single family	8	15	51	32	32
Multiple family	395	749	76	497	4
Total	403	764	127	529	36

(1) Most current data available.
Source: State of the Cities Data Systems Building Permits Database.

BUILDING PERMITS
CITY OF MENLO PARK
2013 Through 2017[(1)]

	2013	2014	2015	2016	2017
Residential Units:					
Single family	38	46	46	51	58
Multiple family	95	4	206	166	180
Total	133	50	255	217	238

(1) Most current data available.
Source: State of the Cities Data Systems Building Permits Database.

BUILDING PERMITS
CITY OF SAN CARLOS
2013 Through 2017[(1)]

	2013	2014	2015	2016	2017
Residential Units:					
Single family	22	9	7	16	14
Multiple family	8	--	11	253	28
Total	30	9	18	269	42

(1) Most current data available.
Source: State of the Cities Data Systems Building Permits Database.

BUILDING PERMITS
CITY OF EAST PALO ALTO
2013 Through 2017[(1)]

	2013	2014	2015	2016	2017
Residential Units:					
Single family	4	2	53	4	2
Multiple family	--	--	--	--	--
Total	4	2	53	4	2

(1) Most current data available.
Source: State of the Cities Data Systems Building Permits Database.

BUILDING PERMITS
COUNTY OF SAN MATEO
2013 Through 2017[(1)]

	2013	2014	2015	2016	2017
Residential Units:					
Single family	350	315	562	427	362
Multiple family	840	1,302	1058	1,548	1,220
Total	1,190	1,617	1,620	1,975	1,582

(1) Most current data available.
Source: State of the Cities Data Systems Building Permits Database.

(Remainder of Page Intentionally Left Blank)

Taxable Sales

Taxable sales in the cities of Redwood City, Menlo Park, San Carlos, East Palo Alto and the County for the period between 2005 through 2018 are shown in the following table.

TAXABLE SALES
2005 Through 2018
($ in Thousands)

	City of Redwood City	City of Menlo Park	City of San Carlos	City of East Palo Alto	County of San Mateo
Year	Taxable Sales	Taxable Sales	Taxable Sales	Taxable Sales	Taxable Sales
2005	$1,594,319	$571,877	$577,925	$253,501	$12,451,350
2006	1,704,224	605,014	593,340	235,123	12,900,391
2007	1,711,777	650,778	630,418	240,824	13,326,306
2008	1,600,517	641,089	655,367	230,102	13,137,913
2009	1,387,335	526,055	594,472	229,953	11,327,022
2010	1,451,454	546,344	595,583	250,931	11,966,338
2011	1,551,074	543,925	628,819	274,054	13,020,643
2012	1,696,509	536,345	667,790	283,831	13,906,978
2013	1,299,962	427,388	542,208	208,646	10,520,953
2014	1,958,291	532,361	799,248	331,192	15,298,434
2015	2,035,129	489,154	798,498	339,729	15,478,010
2016	1,911,881	471,557	880,950	315,354	15,658,573
2017	2,003,687	540,044	963,267	334,518	16,736,449
2018	2,010,034	559,896	997,756	358,366	17,496,122

Source: California Board of Equalization.

(Remainder of Page Intentionally Left Blank)

Retail Sales

Taxable sales in the County for the period between 2014 and 2018 are shown in the following table.

TAXABLE SALES
COUNTY OF SAN MATEO
2014 Through 2018
($ in Thousands)

	2014	2015	2016	2017	2018
Motor Vehicle and Parts Dealers	$1,831,220	$1,945,310	$1,902,427	$1,950,659	$1,975,817
Furniture and Home Furnishings Stores	377,190	816,315	897,143	920,767	933,708
Electronics and Appliance Stores	433,165	-	-	-	-
Bldg. Matrl. and Garden Equip. and Supplies	884,697	947,423	958,806	1,030,842	1,096,965
Food and Beverage Stores	610,223	636,760	650,941	665,540	681,187
Health and Personal Care Stores	290,373	-	-	-	
Gasoline Stations	1,158,444	940,292	850,055	976,765	1,172,359
Clothing and Clothing Accessories Stores	786,446	808,788	805,349	810,108	851,561
Sporting Goods, Hobby, Book, and Music Stores	291,624	-	-	-	-
General Merchandise Stores	1,124,294	945,470	906,752	1,187,938	1,236,962
Miscellaneous Store Retailers	503,955	-	-	-	-
Nonstore Retailers	232,997	-	-	-	-
Other Retail Group	-	1,329,119	1,394,693	1,439,083	1,448,580
Food Services and Drinking Places	1,754,088	1,931,719	2,027,889	2,150,927	2,277,074
Total Retail and Food Services	$10,278,717	$10,301,197	$10,394,055	$11,132,628	$11,674,214
All Other Outlets	$5,019,717	$5,176,813	$5,264,519	$5,603,821	$5,872,883
Total All Outlets	$15,298,434	$15,478,010	$15,658,573	$16,736,449	$17,547,097

Source: California Board of Equalization.

(Remainder of Page Intentionally Left Blank)

Income

The following table sets forth the per capita income from 2008 to 2018. Per capita income in the County grew by 81.0% between 2008 to 2018.

COUNTY OF SAN MATEO, CALIFORNIA AND UNITED STATES
PER CAPITA PERSONAL INCOME
2008 Through 2018

Year	County of San Mateo	California	United States
2008	$ 69,830	$43,608	$40,873
2009	65,345	41,587	39,379
2010	66,362	42,282	40,144
2011	71,232	44,749	42,332
2012	79,420	47,505	44,200
2013	79,893	48,434	44,765
2014	89,659	49,985	46,049
2015	102,516	55,679	48,940
2016	107,207	57,739	49,870
2017	117,389	60,156	51,885
2018	126,392	63,557	54,446

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

PROPOSED FORM OF FINAL OPINION OF BOND COUNSEL

[Closing Date]

Board of Trustees
Sequoia Union High School District
Redwood City, California

Sequoia Union High School District
2020 General Obligation Refunding Bonds (Federally Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sequoia Union High School District (the "District"), which is located in the County of San Mateo, California (the "County"), in connection with the issuance by the District of $113,640,000 aggregate principal amount of bonds designated as "Sequoia Union High School District 2020 General Obligation Refunding Bonds (Federally Taxable)" (the "Refunding Bonds"). The Refunding Bonds are authorized by a resolution adopted by the Board of Trustees of the District on September 11, 2019 (the "District Resolution"), and issued pursuant to a Paying Agent Agreement dated as of February 1, 2020 (the "Paying Agent Agreement") between the District and The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the District Resolution, the Paying Agent Agreement, certificates of the District, the Paying Agent and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Refunding Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Refunding Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Refunding Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the District Resolution and the Paying Agent Agreement. We call attention to the fact that the rights and obligations under the Refunding Bonds, the District Resolution and the Paying Agent Agreement, and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts and counties in the

State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the District Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Refunding Bonds and express no opinion with respect thereto.

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

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

2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the District.

3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Refunding Bonds and the interest thereon.

4. Interest on the Refunding Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Refunding Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Sequoia Union High School District (the "District") in connection with the issuance of $113,640,000 aggregate principal amount of Sequoia Union High School District 2020 General Obligation Refunding Bonds (Federally Taxable) (the "Refunding Bonds"). The Refunding Bonds are being issued as authorized by a resolution adopted by the Board of Trustees of the District on September 11, 2019 (the "Resolution"), and in accordance with the terms of a Paying Agent Agreement, dated as of February 1, 2020 (the "Paying Agent Agreement"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent"). 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 Refunding Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Refunding Bonds (including persons holding Refunding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Keygent LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and 5(b)(8), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the S.E.C., filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

"Official Statement" shall mean the final official statement dated January 30, 2020 relating to the Refunding Bonds.

"Participating Underwriter" shall mean the original underwriter of the Refunding Bonds required to comply with the Rule in connection with offering of the Refunding Bonds.

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

SECTION 3. Provision of Annual Reports.

The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2019 (which is due no later than April 1, 2020), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, 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 date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

If the Paying Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Paying Agent shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent 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 include by reference the following:

* Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), 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 provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

* Adopted budget of the District for the current fiscal year, or a summary thereof, and any interim budget reports approved as of the date of filing of the Annual Report.

* District average daily attendance.

* District outstanding debt.

* Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County.

* Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County.

Any or all of the items listed above may be set forth in one or a set of documents or 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 website. If the document included by reference is a final official statement, it must be available from the MSRB. 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 events with respect to the Refunding Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. 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.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Refunding Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Refunding Bonds or other material events affecting the tax status of the Refunding Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Refunding Bonds;

5. Non-payment related defaults;

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

7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or

8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under

applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in its Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Refunding Bonds. If such termination occurs prior to the final maturity of the Refunding Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Keygent LLC.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), 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 Refunding Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Refunding Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Refunding Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as

prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Refunding 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; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of San Mateo or in U.S. District Court in or nearest to the County. 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 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Refunding Bonds, and shall create no rights in any other person or entity.

Date: February 27, 2020

SEQUOIA UNION HIGH SCHOOL DISTRICT

By _____
Crystal Leach
Associate Superintendent, Administrative Services

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of District:	SEQUOIA UNION HIGH SCHOOL DISTRICT
Name of Bond Issue:	Sequoia Union High School District 2020 General Obligation Refunding Bonds (Federally Taxable)
Date of Issuance:	February 27, 2020

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

SEQUOIA UNION HIGH SCHOOL DISTRICT

By _____[to be signed only if filed]_____

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

COUNTY OF SAN MATEO
INVESTMENT POLICY AND INVESTMENT REPORT

The following information has been furnished by the Office of the Treasurer-Tax Collector, County of San Mateo. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer-Tax Collector, 555 County Center, 1st Floor, Redwood City, California 94063.

The Board of Supervisors (the "Board") of the County adopted its 2020 investment policy statement (the "County Investment Policy") on January 7, 2020. State law requires the Board to approve any changes to the investment policy.

See following page.

[THIS PAGE INTENTIONALLY LEFT BLANK]

SAN MATEO COUNTY

Investment Policy Statement

Calendar Year 2020

Approved by the
San Mateo County Board of Supervisors
Date: January 7, 2020
Resolution: 077172

Table of Contents

I. Introduction 1

II. Delegation of Authority 1

III. Policy Statement 1

IV. Standard of Care 1

V. Investment Objectives 2

A. Safety of Principal 2
B. Liquidity 3
C. Yield 3

VI. Management Style and Strategy 3

VII. Authorized Investments 3

A. U.S. Treasury Securities 4
B. U.S. Government Agency/GSE 4
C. Commercial Paper 4
D. Negotiable Certificates of Deposit 4
E. Bankers Acceptance 5
F. Collateralized Time Deposits 5
G. Mortgage Backed Securities and Asset Backed Securities 5
H. Corporate Securities 6
I. US Instrumentalities 6
J. CA Municipal Obligations 6
K. Repurchase Agreements 7
L. Local Agency Investment Fund (LAIF) 7
M. Mutual Funds 7
N. Local Government Investment Pools (LGIPs) 7

VIII. Security Lending 8

A. Borrowers Default Risk 8
B. Collateral Investment Risk 9
C. Operational Risk 9
Schedule 1 – Securities Lending 9

IX. Community Reinvestment Act Program 10

X. Diversification and Maturity Restrictions 10

XI. Average Life …… 12

XII. Prohibited Transactions …….. 12

XIII. Method of Accounting ……. 13

XIV. Safekeeping ……... 14

XV. Performance Evaluation …….. 14

XVI. Withdrawal Requests for Voluntary Pool Participants …… 15

XVII. Internal Controls …….. 15

A. Investment Authority and Responsibility ……... 15
B. County Treasury Oversight Committee ……... 16
C. Reporting …….. 16
D. Annual Audit of Compliance …… 17
E. Pool Rating ……... 17
F. External Investment Advisor ……. 17
G. Loss Control ……... 17
H. Credit Quality. …… 17
I. Approved Brokers ……... 17
J. Transaction Settlement …….. 18
K. Internal Controls …….. 18

XVIII. Execution of Investment Authority …… 18

XIX. Disaster Recovery ……... 20

XX. Ethics and Conflict of Interest ……. 21

XXI. Limits on Honoraria, Gifts and Gratuities …….. 21

Comparison and Interpretation of Credit Ratings …… 22

Glossary of Terms ……. 23

SAN MATEO COUNTY

Investment Policy Statement

Calendar Year 2020

I. Introduction

It is the policy of the San Mateo County Treasurer to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants, achieving a competitive yield while conforming to all applicable statutes and resolutions governing the investment of public funds.

To meet liquidity and long term investing needs, the County has established the County Investment Pool. This fund is suitable for planned expenditures or capital funds.

II. Delegation of Authority

By Resolution #077173, approved on January 7, 2020 the County Board of Supervisors has delegated to the Treasurer authority to invest and reinvest the funds of the County and other depositors as specified in California Government Code Sections §27000.1 and §53607 for the period calendar year 2020. The Treasurer may delegate investment authority to whoever has been retained to perform the investment function.

III. Policy Statement

This Investment Policy establishes cash management and investment guidelines for the Treasurer, and those to whom he/she delegates investment authority, who are responsible for the stewardship of the San Mateo County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be monitored and judged by the standards of this Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to policy.

The Treasurer will annually render to the Board of Supervisors and any Oversight Committee a statement of investment policy, which the Board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the Board at a public meeting.

IV. Standard of Care

The Treasurer is a fiduciary of the pooled investment fund and therefore subject to the prudent investor standard. The Treasurer, employees involved in the investment process and members of the San Mateo County Treasury 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. (See Section XXI)

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Treasurer, and those to whom he/she delegates investment authority, shall act with due professional care, skill, prudence and diligence taking into consideration circumstances then prevailing, including, but limited to, general economic conditions and anticipated needs of the County and other depositors. This should be accomplished with the care that a prudent person acting in a like capacity would use to safeguard the principal and maintain the liquidity needs of the County and other depositors.

As outlined in the California Government Code Section §27000.3, the standard of prudence to be used by the County investment officers shall be the "prudent investor" standard and shall be applied in the context of managing the portfolio. Investment officers shall act in accordance with written procedures and the investment policy, exercise due diligence, report in a timely fashion, and implement appropriate controls for adverse development.

V. Investment Objectives

The San Mateo County Pool shall be prudently invested in order to preserve principal while earning a reasonable rate of return while awaiting application for governmental purposes. Investments should be made with precision and care considering the safety of the principal investment, as well as the income to be derived from the investment. The specific objectives for the program are ranked in order of importance:

A. Safety of Principal - The Treasurer shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

Credit Risk - Defined as an issuer(s) ability and willingness to repay interest and principal. Credit risk shall be minimized by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants. Credit rating evaluations for all securities are monitored on a consistent basis.

Market Risk - Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Because longer-term securities generally have greater market risk than shorter-term securities; market risk will be minimized by establishing the maximum Weighted Average Maturity of the pool at three years. The maximum allowable maturity for any instrument in the pool at time of purchase is 7 years (Treasuries and Agencies only). Occasional market losses on individual securities are inevitable with active portfolio management and must be considered within the context of the overall investment return.

B. Liquidity

The Treasurer's Office attempts to match maturities with its 15 month projected cash flow. The nature of the planning process behind the cash flow of the pool is relatively predictable and less volatile than is the case of discretionary money.

This allows leeway for some of the underlying investments in the County Pool to maintain a somewhat longer duration.

C. Yield

The County Pool is designed as an income fund to maximize the return on investable funds over various market cycles, consistent with the pool's first priority of safeguarding principal. Yield will be considered only after the basic requirements of safety and liquidity have been met. The County Pool is managed as an income fund whose purpose is to provide its investors with a reasonably predictable level of income, as opposed to a growth fund or fund measured on the basis of total return.

VI. Management Style and Strategy

This policy describes the County's strategic investment objective, risk tolerance and investment constraints. The County Treasurer or designee, at the Treasurer's discretion, prepares an economic outlook and evaluates the capital markets environment. The investment programs reflect a common strategy that is based on conservative principles of fixed income portfolio management consistently applied in a disciplined fashion.

VII. Authorized Investments

Subject to the limitations set forth in California Government Code §53600 et seq. which may be amended from time to time, the Treasurer may invest in the following instruments, subject to the limits described in the following sections. Long-term credit ratings, where shown, specify the minimum credit rating category required at time of purchase. As noted previously, all securities purchased shall be regularly monitored and re-evaluated should their ratings be downgraded below the minimum investment grade level required of the Pool. The Treasury Oversight Committee will be notified, within 10 days of any security downgrades that fall below the pool's investment standards and the course of action to be taken if any. In addition, the information will be posted on the Treasurer's website within the same time frame. Decisions regarding the holding of, or the potential sale of, securities are based on factors such as remaining time to maturity and the need for liquidity in the Pool.

Where a percentage limitation of eligible security percentages and maximum maturity is established, for the purpose of determining investment compliance, that maximum amount will be applied on the date of trade settlement. Therefore, depending on the liquidation of other securities and the performance of other securities in the pool, the percentage of the pool of any

given security or instrument could exceed the initial percentage limitations without violating the Investment Policy.

A. U.S. Treasury Securities

United States Treasury bills, notes, bond or certificates of indebtedness, for which the full faith and credit of the United States is pledged for the payment of principal and interest. The maximum maturity of U.S. Treasury Securities is 7 years.

B. U.S. Government Agency/GSE (Government Sponsored Enterprise)

Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government sponsored enterprise. The maximum percent of the fund per issuer is 40%. The maximum percent of the fund for U.S. Agencies Callables Securities is 25%. U.S. Government Agency/GSE securities must be rated in a rating category of "AA," long-term, or "A-1," Short-term, or their equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). The maximum maturity for Agency Securities is 7 years.

C. Commercial Paper

At the time of purchase, commercial paper must be rated either A-1/P-1/F1 or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Eligibility is limited to U.S. organized and operating corporations. Corporations must have assets in excess of $5 Billion and have debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Maturities may not exceed 270 days. Purchases of commercial paper will not exceed 40% of the pool's investable money.

D. Negotiable Certificates of Deposit

Negotiable certificates are negotiable money market instruments that trade on the open market. At the time of purchase, negotiable certificates of deposit must be rated in a rating category of "A," long-term, or "A-1"/"P-1"/"F1, short-term," or their equivalents or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). These certificates must be issued by a U.S. National or State chartered bank or state or federal association (as defined by section 5102 of the California Financial Code) or by a state licensed branch of a foreign bank. Eligible foreign banks must have branches or agencies in the U.S. Issuers must be a corporation with total assets in excess of $5 Billion. Purchases of Negotiable Certificates of Deposit will not exceed 30% of the pool.

E. Bankers Acceptance

A Bankers Acceptance (BA) is a draft drawn and accepted by banks that is based upon funds that will pay its face value at maturity. The security is normally traded at a discounted price. Because the accepting institution is obligated to pay for the bill, a Bankers Acceptance is considered less risky than commercial paper.

At the time of purchase, BAs must be rated A-1/P-1/F1 or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). BAs are primarily used to finance international trade. BAs are timed drafts (bills of exchange) drawn on and accepted by a commercial bank Issuers must be a corporation with total assets in excess of $5 Billion. Purchases of Bankers Acceptances will not exceed 15% of the pool for domestic commercial banks and 15% of the pool for foreign commercial banks.

F. Collateralized Time Deposits

Collateralized Certificates of Deposit must comply with Bank Deposit Law. Purchases of Collateralized Certificates of Deposit will not exceed 15% of the pool.

G. Mortgage Backed Securities and Asset Backed Securities

A. Mortgage Backed Securities

The securities must be rated in a rating category of "AA" or its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Securities shall have a maximum remaining maturity of five years. Combined holdings of Mortgage Backed Securities and Asset Backed Securities will not exceed 20% of the pool.

The allowable types of Mortgage Backed Securities include the following:

1. U.S. Government Agency Mortgage pass-through securities.
2. Collateralized Mortgage Obligations (CMO) where the underlying mortgages have U.S. government backing.

B. Asset Backed Securities

The securities must be rated "AAA" or its equivalent by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Securities shall have a maximum remaining maturity of five years. Combined holdings of Asset Backed Securities and Mortgage backed Securities will not exceed 20% of the pool.

The allowable types of Asset Backed Securities include the following:

1. Equipment lease back certificates.
2. Consumer receivable backed bonds.
3. Auto loan receivable backed bonds.

H. Corporate Securities

The maximum maturity for corporate securities is five years. Eligible securities shall be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. At the time of purchase, corporate securities must be rated in a rating category of "A" or its equivalent or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Securities in this classification must be dollar denominated and registered with the Securities and Exchange Commission and be publicly traded or at least have undergone shelf registration. If a security is owned and downgraded below the pool's investment standards, the Treasury Oversight Committee will be notified within 10 days of any security downgrades that fall below the pool's investment standards and the course of action to be taken if any. In addition, the information will be posted on the Treasurer's website within the same time frame.

Purchases of Corporate Securities shall not exceed 30% of the pool. The amount invested in corporate securities in the "A" rating category may not exceed 27% of the pool (90% of the 30% permitted corporate allocation). For purposes of determining compliance with this requirement, a security's rating will be determined by its highest rating by either S&P, Moody's, or Fitch. There is a 5% limitation of the fund in any single issuer of Money Market/Corporate Securities, however, the Pool has a target of holding no more than 3%. The 3% target may be exceeded under exceptional circumstances. (i.e.: peak tax collection periods, G.O. Bond issuances, etc.) when there is a large influx of cash.

I. US Instrumentalities

United States dollar denominated senior unsecured, unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category "AA" or its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Purchases of US Instrumentalities are not to exceed 30% of the pool.

J. CA Municipal Obligations

Registered state warrants or municipal notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state. Investments under this subdivision shall be rated in a rating category "AA" or its equivalent or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Such investments shall have a maximum security of five years or less, and shall not exceed 30% of the pool, 5% per issuer. The foregoing investments shall be limited to the General Obligation (GO) bonds, Tax & Revenue Anticipations Notes (TRANs), or other

debt, which is issued by the state of California, the University of California Regents or the California State University Regents.

K. Repurchase Agreements

Repurchase Agreements must be executed with dealers with whom the County has written agreements and are either banking institutions that meet the rating requirements of this policy or dealers who report to the Market Reports Division of the Federal Reserve Bank of N.Y. (Primary Dealers). All transactions must be collateralized at 102% of current value plus accrued interest and must be marked to market daily. The only acceptable collateral for these transactions include Treasuries or Agencies with a maximum maturity of seven years.

For purposes of this authorized investments section, the term "Repurchase Agreement" means a purchase of a security by the County pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified dollar amount and will deliver the underlying securities to the County by book entry. All County pool transactions are conducted through the County custodian on a payment vs. delivery basis. When the transaction is unwound, the transfer of the underlying securities will revert to the counter party's bank account by book entry. The term "Counter party" means the other party to the transaction with the County. The Counter Party, or its parent, must have a short-term rating of "A-1," "P-1," or "F1" by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). The maximum allowable term of a repurchase agreement shall not exceed 92 days.

L. Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund (LAIF) is an investment fund run by the Treasurer of the State of California to pool local agency monies. LAIF will be used as a comparative fund to the County's pool. The maximum percent of the fund that can be invested is up to the current State limit.

M. Mutual Funds

Shares of beneficial interest issued by diversified management companies as defined in Government Code Section § 53601. Purchases of Mutual Funds will not exceed 20% of the pool, 10% per mutual fund.

N. Local Government Investment Pools (LGIPs)

Shares of beneficial interest issued by a joint power's authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized by the Government Code. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. Purchases are limited to LGIPs that seek to maintain a stable share price and will not exceed 20% of the pool, 10% per LGIP.

VIII. Security Lending

Security Lending is a temporary exchange of portfolio assets for acceptable collateral between a lender and an approved borrower. The additional income generated from this transaction can be used to enhance portfolio performance. This process can be summarized in three key steps:

A. The Security Lending agent lends securities from our portfolio to an approved borrower at a negotiated rate. The negotiated rate is dependent upon the level of demand for the securities.

B. The Security Lending agent invests the cash collateral in highly liquid, short duration, high credit quality instruments approved by our investment policy.

C. The earnings generated net of rebates from these transactions are split between the third party agent and the County based on the contract agreement.

Our contract with The Bank of New York requires daily reporting of the securities borrowed, the borrowers, and the short term investments made with the collateral. The County retains the right to recall securities at any given time; cutoffs are 9:30 a.m. eastern standard time for same day recalls of treasuries/agencies and 1:30 p.m. eastern standard time on trade date for corporates. We also require acknowledgement of the County Investment Policy, and check the adherence to that policy daily.

All securities purchased with any funds received as a result of such lending shall be regularly monitored and re-evaluated. Should their ratings fall below the pool's investment standards, the Treasury Oversight Committee will be notified within 10 days of any security downgrades that fall below the pool's investment standards and the course of action if any. In addition, the information will be posted on the Treasurer's website within the same time frame.

Additionally, the percentage of the Fund's market value in any one issuer's securities shall be regularly monitored and the Treasury Oversight Committee will be notified within 10 days, and the information posted on the Treasurer's website, of any instances where the percentage of the Fund's market value in any one issuer's securities exceeds the percentage limitations set forth herein or where there is any change in diversification and the course of action, if any.

There are always risks in any financial transaction. The three most common risks in Security Lending are as follows:

A. Borrower Default Risk – Although rare, a borrower may not return a security in a timely manner. To protect against this risk, we require 102% cash collateral, which is marked to market and monitored daily. In the event of borrower default, the Security Lending agent is responsible for replacing the securities or providing the cash value of the securities. In other words, The Bank of New York indemnifies the County of San Mateo against borrower default.

B. Collateral Investment Risk – The value of the securities in which we invest the cash collateral may decline due to fluctuations in interest rates or other market related events. This risk is controlled by investing in a huge investment pool with highly liquid short duration, high credit quality instruments identified in this investment policy.

C. Operational Risks – Critical operations, such as maintaining the value of the collateral, collecting interest and dividend payments are essential to a smooth running Security Lending operation. Operational risks are the responsibility of the Security Lending agent. We further mitigate this risk by reviewing all transactions and collateral requirements on a daily basis.

Schedule 1 – Securities Lending

Securities Loans

- No more than 5% of the Pool can be on loan to any single counterparty.
- A single loan shall not exceed 3% of the total portfolio.
- The maximum maturity of a securities loan shall not exceed 92 days.

Collateral

Acceptable Collateral
U.S. Treasuries and Agencies and cash

Collateral Investment
The only authorized investments are shown in the following table. No floating or reset notes are permitted.

"Fund" means actual market value of all securities lending collateral.

INSTRUMENT	RATING	- LIMITATIONS		
		% of Fund	% of Fund per Issuer	Maturity
U.S. Treasury Obligations		100	100%	1 year
Obligations of U.S. Agencies or government sponsored enterprises	AA or A-1	100	40% per issuer	1 year
Repurchase agreements secured by U.S. Treasury or agency obligation (102% collateral)	A-1	100	50%	overnight
Bankers Acceptances Domestic Foreign	A-1 / P-1/ F1	 15 15	 5% Aggregate 5% Aggregate	 180 days 180 days
Commercial paper	A-1 / P-1 / F1	40	5% Aggregate	270 days or less

Other

Agent Qualifications
The only acceptable Agent is the Pool's custodian bank.

Contract Provisions
The Agent must indemnify the Pool against borrower default.

The Agent must acknowledge and accept the Policy in writing. A copy of this acceptance will be attached to future policies.

The Agent must submit monthly reports showing securities out on loan (terms and borrowers), defaults, earnings, and the percent by sector of Pool assets out on loan as well as information on the collateral investments (including market values, income and realized and unrealized gains and losses).

Oversight
The Treasurer shall include copies of the Agent's most recent report with his reports to the Treasury Oversight Committee.

IX. Community Reinvestment Act Program

A. This policy sets aside up to $5 million dollars for investment in banks whose primary operations are located in San Mateo County. Investments from this fund must meet the requirements of this investment policy. 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 a custodial bank.

X. Diversification and Maturity Restrictions

It is the policy of the Treasurer to diversify the Fund's portfolios. Investments are diversified to minimize the risk of loss resulting in over concentration of assets in a specific maturity, specific issuer or a specific class of securities. Diversification strategies shall be established by the Treasurer and whoever has been retained to perform the investment function.

Instrument	Min. Rating Category	% of Fund	Limitations % of Fund per Issuer	Maturity
U.S. Treasury Obligations		100%	100%	7 years
Obligations of U.S. Agencies or government sponsored enterprises	AA or A-1	100%	40%	7 years
U.S. Agencies Callables	AA		25%	7 years
Commercial paper (two agencies)	A-1/P-1/F1	40%	5% Aggregate	270 days or less

Instrument	Min. Rating Category	% of Fund	Limitations % of Fund per Issuer	Maturity
Negotiable Certificates of Deposit ($5 billion minimum assets) (two agencies)	A-1/P-1/F1	30%	5% Aggregate	5 years
Bankers Acceptances *Domestic: ($5 billion minimum assets) *Foreign: ($5 billion minimum assets) (two agencies)	A-1 / P-1/ F1	15% 15%	5% Aggregate 5% Aggregate	180 days 180 days
Collateralized Time Deposits within the state of CALIFORNIA	A-1/P-1/ F1	15%	5% Aggregate	1 year
Mortgage Backed Securities/CMO's: No Inverse Floaters No Range Notes No Interest only strips derived from a pool of Mortgages Asset Backed Securities	AA AAA	20% Combined total	5% Aggregate 5% Aggregate	5 Years 5 Years
Corporate bonds, Medium Term Notes & Covered Bonds (two agencies)	A	30% A maximum of 27% may be invested in A rated securities (90% of the 30% allocation)	5% Aggregate	5 years
US Instrumentalities	AA	30%		5 Years
CA Municipal Obligations	AA	30%	5% Aggregate	5 Years
Repurchase Agreements secured by U.S. Treasury or agency obligation (102% collateral)	A-1	100%	See limitations for Treasuries and Agencies above	92 days

Instrument	Min. Rating Category	% of Fund	Limitations % of Fund per Issuer	Maturity
Local Agency Investment Fund (LAIF)			Up to the current state limit	
Shares of beneficial interest issued by diversified management companies as defined in Government Code Section§ 53601(Mutual Funds)	Money Market AAAm	20%	10% per mutual fund	
Local Government Investment Pools (LGIPs)		20%	10% per LGIP	

XI. Average Life

The maximum dollar weighted average maturity of the fund will be 3 years. The focus of this fund is in order of priority: preservation of principal, liquidity and then yield. The policy of maintaining a maximum dollar weighted maturity or weighted average maturity (WAM) of 3 years leaves open the flexibility to take advantage of interest rate trends to maximize the return on investment. The imposed maximum 3 year average maturity limits the market risk to levels appropriate to a short, intermediate income fund. The word “Maturity” refers to the instrument’s stated legal final redemption date - not coupon reset, put or call dates.

Securities purchased specifically to match the maturity of a bond issue and/or a contractual arrangement must be authorized by California Government Code §53601 and §53635 but are not included in the requirements listed above. Such securities shall be clearly designated in the appropriate investment journals and reports.

XII. Prohibited Transactions

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy and with California Government Code Sections §53601, §53601.1, §53601.2, §53601.6, and §53635, as may be amended from time to time. No investment prohibited by California Government Code shall be permitted herein.

Any investment transactions, credit risk criterion, percentage limitations or market valuation that are not in compliance with this Investment Policy **at time of purchase** must be documented and approved by the Treasurer in writing. Thereafter, action shall be taken by the Treasurer to correct such matter as soon as practical. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction.

The Treasurer shall not leverage the County pool through any borrowing collateralized or otherwise secured by cash or securities held unless authorized by this investment policy.

Security Lending is authorized by this policy and will be limited to a maximum of 20% of the portfolio.

The following transactions are prohibited:

A. Borrowing for investment purposes ("Leverage")

B. Inverse floaters, leveraged floaters, equity-linked securities, event-linked securities, structured investment vehicles (SIV)

Simple "floating rate notes" whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, federal funds, prime rate or LIBOR) and which have a reasonable expectation of maintaining a value at par at each interest rate adjustment through final maturity, are exempt from this definition. Additionally, U.S. Treasury and Agency zero coupon bonds, U.S. Treasury and Agency strips, Resolution Funding Corporation (REFCORP) strips or other callable securities which otherwise meet quality, maturity and percent limitations assigned to their respective security category, are exempt from this section.

C. Derivatives (e.g. swaptions, spreads, straddles, caps, floors, collars, etc.) shall be prohibited.

D. Trading of options and futures are prohibited.

XIII. Method of Accounting:

A. For earnings calculations, investments will be carried at original purchase cost (plus purchased accrued interest, if applicable). Premiums or discounts acquired in the purchase of securities will be amortized or accreted over the life of the respective securities. For GASB purposes, investments will be carried at cost and marked to market.

B. Gains or losses from investment sales will be credited or charged to investment income at the time of sale. All interest income, gains/ losses are posted quarterly.

C. Premiums paid for callable securities will be amortized to the 1st call date after purchase.

D. Purchased accrued interest will be capitalized until the first interest payment is received. Upon receipt of the first interest payment, the funds will be used to reduce the investment to its principal cost with the remaining balance credited to investment income.

E. Yield is calculated on an accrual basis using a 365-day calendar year. Earnings are calculated as follows:

$$\frac{\text{(Earnings* + Capital Gains) - (Fees+Amortized Premiums + Capital Losses)}}{\text{Average Daily Pool Balance}}$$

* Earnings equal net interest payments + accrued interest + accreted discounts.

F. The County Pool is operated as a single investment pool. Banking and reporting services required by a participant are charged directly to the participant. All participants are charged an administrative fee.

G. The administrative fee is 9.5 basis points effective July 1, 2018 and will be evaluated annually.

The County Pool Administrative Fee is established annually and is effective July 1 through June 30. The fee is developed to align with the actual administrative cost of managing the pool. Due to variations in the pool size during the fiscal year (such as those caused by the influx of funds from unanticipated school bond issues or voluntary pool participant withdrawals), a true-up of fees collected will take place in the 4th quarter of each fiscal year.

XIV. Safekeeping

All deliverable security transactions, including collateral for repurchase agreements, entered into by the Treasurer shall be conducted on a Delivery-versus-Payment basis (DVP)

All deliverable securities shall be held by a third party custodian designated by the Treasurer. The third party custodian shall be required to issue a safekeeping statement to the Treasurer listing the specific instrument, rate, maturity and other pertinent information.

XV. Performance Evaluation

The Treasurer shall submit monthly, quarterly and annual reports, in compliance with Government Code Sections §53607, §53646 and §27134, to the Treasury Oversight Committee, Pool participants and the Board of Supervisors. These reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and shall be in compliance with Government Code. This includes 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 Investments Fund's ability to meet the expected expenditure requirements for the next 6 months. In accordance with GASB Statements 31 and 40, the Treasurer shall provide financial information on the treasury for the County's Comprehensive Annual Financial Report.

XVI. Withdrawal Requests for Voluntary Pool Participants

A. Any request to withdraw funds shall be released at no more than 12.5% per month, based on the month-end balance of the prior month.

B. current secured tax apportionments and property tax revenue distributed to Redevelopment Property Tax Trust Funds will be exempt from the 12.5% withdrawal rule, however, these apportionments must be withdrawn in the same month they are received or they will be subjected to the 12.5% withdrawal rule.

C. Any additional withdrawal requests will be considered on a case-by-case basis.

D. All requests for withdrawals must first be made in writing to the Treasurer, at a minimum, 24 hours in advance.

In accordance with the California Government Code § 27136 et seq, and 27133 (h) et seq, these requests are subject to the Treasurer's consideration of the stability and predictability of the pooled investment fund, or the adverse effect on the interests of the other depositors in the pooled investment fund.

XVII. Internal Controls

The County Treasurer 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. The County Treasurer shall also be responsible for ensuring that all investment transactions comply with the County's investment policy and the California Government Code.

The County Treasurer shall establish a process for daily, monthly, quarterly and annual review and monitoring of investment program activity.

Daily, the County Treasurer or authorized treasury personnel shall review the investment activity, as well as corresponding custodial and commercial bank balances and positions for compliance with the investment policy and guidelines. The County Controller's Office shall conduct an annual audit of the investment program's activities. It is to be conducted to determine compliance with the County's investment policy and the Government Code. The audit shall be conducted by staff with experience in auditing large, complex investment programs consistent with industry standards as promulgated by the Global Investment Performance Standards (GIPS) adopted by the CFA Institute Board of Governors.

A. Investment Authority and Responsibility

The responsibility for conducting the County's investment program resides with the Treasurer, who supervises the investment program within the guidelines set forth in this policy. The Treasurer may delegate the authority for day-to-day investment activity to whoever has been retained to perform the investment function.

B. County Treasury Oversight Committee

The Board of Supervisors, in consultation with the Treasurer, hereby establishes the County Treasury Oversight Committee pursuant to California Government Code § 27130 et seq. Members of the County Treasury Oversight Committee shall be selected pursuant to California Government Code §27131. The Treasury Oversight Committee will meet at least three times a year to evaluate general strategies and to monitor results and shall include in its discussions the economic outlook, portfolio diversification, maturity structure and potential risks to the County pool's funds. All actions taken by the Treasury Oversight Committee are governed by rules set out in § 27131 et seq. of the California Government Code.

Members of the County Treasury Oversight Committee must pay particular attention to the California Government Code § 27132.1, 27132.2, 27132.3 and 27132.4, which read as follows:

> 27132.1 A member may not be employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) 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 committee.
> 27132.2 A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee.
>
> 27132.3 A member may not secure employment with bond underwriters, bond counsel, security brokerages or dealers, or with financial services firms, with whom the Treasurer is doing business during the period that the person is a member of the committee or for one year after leaving the committee.
>
> 27132.4 Committee meetings shall be open to the public and subject to the Ralph M. Brown Act (chapter 9 (commencing with section 54950) of Part 1 of Division 2 of Title 5).

C. Reporting

The Treasurer will prepare a monthly report for the County pool participants and members of the County Treasury Oversight Committee stating, for each investment: the type of investment, name of the issuer, maturity date, par value of the investment, current market value and the securities S&P/Moody's rating. For the total pooled investment fund, the report will list average maturity, effective duration, cost, the current market value, net gains/losses and the sector and issuer concentrations. In addition, the report will break down distribution by maturities, coupon, duration and both S&P/Moody's ratings. The Treasurer shall prepare a monthly cash flow report which sets forth projections for revenue inflows, and interest earnings as compared to the projections for the operating and capital outflows of depositors. This projection shall be for a minimum of 12 months. All Reports will be available on the County Treasurer's website at www.sanmateocountytreasurer.org

D. Annual Audit of Compliance

The County Treasury Oversight Committee shall cause an annual audit to be conducted of the portfolio, procedures, reports and operations related to the County pool in compliance with the California Government Code § 27134.

E. Pool Rating

The Pool strives to maintain the highest credit rating at all times. Annually, a contract may be requested for a rating from one of the three leading nationally recognized credit rating organizations (S&P, Moody's or Fitch).

F. Compliance Review

The County will ensure a monthly compliance review of the County's portfolio holdings and provide a monthly written report which will:

1. Verify the accuracy of holdings information
2. Provide summary level information about the portfolio
3. Verify compliance with California Government Code
4. Verify compliance with the County's written Investment Policy
5. List any exceptions or discrepancies identified

G. Loss Control

While this Investment Policy is based on "the Prudent Investor Rule", the Treasurer shall seek to enhance total portfolio return by means of actively managing the portfolio. In any professionally managed portfolio, occasional controlled losses are inevitable and must be realized and judged within the context of overall portfolio performance. Losses shall be allocated as otherwise described in this policy in section XIII, entitled "Method of Accounting".

H. Credit Quality

Should any investment or financial institution represented in the portfolio, be downgraded by any of the major rating services to a rating below those established in this investment policy, the Treasurer must immediately make an informed decision as to the disposition of that asset and will so advise the County Treasury Oversight Committee. The situation will be monitored daily by the Treasurer until final disposition has been made.

I. Approved Brokers

The Treasurer will maintain a current list of Approved Brokers and Dealers who may conduct business with the County. All financial institutions on the approved list will be evaluated individually, with preference given to primary dealers, who possess a strong capital and credit base appropriate to their operations. The Treasurer will forward a copy of the County Investment Policy to all approved brokers and require written acknowledgment of the policy from the broker.

No broker, brokerage, dealer or securities firm is allowed on the approved list if, within any consecutive 48-month period, they have made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local Treasurer, any member of the governing board of the local agency or any candidate for those offices.

If the County has contracted with an investment advisor to provide investment services, the investment advisor may use their own list of approved issuers, brokers/dealers and financial institutions to conduct transactions on the County's behalf.

J. Transaction Settlement

Payment of settlement in a securities transaction will be against delivery only. A due bill or other substitution will not be acceptable. All securities purchased from the brokers/dealers must be held in safekeeping by the County's safekeeping agent or designated third party.

K. Internal Controls

The Treasurer has established a system of controls designed to prevent losses of pooled funds due to fraud, employee error, and misrepresentations by third parties, and unanticipated changes in financial markets or imprudent actions by employees of the County. The controls include:

1. Procedures for investment activity which includes separation of duties for transaction authority, accounting and operations and requires clear documentation of activity.
2. Custodial safekeeping as prescribed in California Government Code § 53601.
3. Independent audit, both external and internal.
4. Clear delegation of authority.
5. Written confirmations of all telephone transactions.
6. Establishment of written ethical standards and rules of behavior.

XVIII. Execution of Investment Authority

A. All transactions are documented as to date, time and vendor, signed by the originator and include the following information:

1. Buy or sell
2. Specific description of security involved (CUSIP)
3. Settlement date
4. Price
5. The total amount of funds involved
6. On non-treasury or agency transactions a notation will be made on the transaction ticket of competitive bids and offers

7. Broker/dealer

B. Information in "A" must be provided to the Investment Specialist for the following purpose:

1. To contact the dealer to verify the information on the trade with the dealer's instructions. Any misunderstanding must be clarified prior to settlement.
2. To provide the County's custodian bank with the specifics of the pending transaction to assure a smooth settlement.
3. To compare with the daily custodian transaction report to assure there are no errors.
4. To generate the internal entries necessary for the movement of funds to complete the transaction.
5. To compare with the broker's confirmations when received.

C. At the end of each day, the Investment Specialist summarizes all of the current day transactions in a "Daily Cash Flow Report" available immediately the following morning. This report includes:

1. A summary of all the day's investment transaction
2. A listing of the day's incoming and outgoing wires
3. A listing of the day's state automatics and other deposits received
4. If the pool has "Repos" out, the current earnings rate statement
5. An estimate of the total anticipated clearings for the day

D. A best effort will be made to obtain a minimum of three prices from different brokers before executing a security transaction whenever possible. Exceptions will occur with Treasuries. In those cases the Bloomberg screen will be printed as close to the actual executed price as possible. In the case of money market, agencies or corporate securities, a best effort will be made to obtain differential bids and offers.

E. Repurchase Agreements All Repurchase Agreements with approved dealers will be governed by a Public Securities Association (PSA) agreement that has been approved in writing by the Treasurer.

F. Confirmations resulting from securities purchased or sold under a Repurchase Agreement shall state the exact and complete nomenclature of the underlying securities bought or sold, as well as the term structure (i.e. maturity) of the transaction.

G. Securities on loan and their corresponding investments under the County Security Lending Program must be monitored daily by the Investment Specialist to assure the Assistant Treasurer has a list of those securities that are out on loan. Interest earned will be monitored daily and compared to the monthly report of earnings by the custodial bank.

H. The assets of the County shall be held in safekeeping by the County's safekeeping agent, or secured through third-party custody and safekeeping procedures. A due bill or other substitution will not be acceptable.

I. Safekeeping procedures shall be reviewed annually by the Treasurer's office and an external auditor. Surprise audits of safekeeping and custodial procedures must be conducted at least once a year.

J. Security Lending: The custodial bank may be authorized to lend out up to 20% of the portfolio within the guidelines of this policy. Guidelines for securities lending and the investment of collateral are attached to this policy as Schedule 1. Securities on loan must be monitored daily by the Treasurer's office to assure that the Treasurer has a list of those securities that are out on loan. Interest earned will be monitored daily and compared to the monthly report of earnings by the custodial bank.

K. Voluntary Participants will be accepted for participation in the San Mateo County Pooled Fund if they meet the following requirements:

1. A public agency
2. Domiciled in the County of San Mateo.
3. Agree to abide by the approved San Mateo County Pooled Fund Investment Policy Statement.
4. Acknowledge changes to the policy annually in writing and meet the minimum balance requirements (250K).

L. Agencies whose jurisdiction includes San Mateo County, but are not domiciled in San Mateo County, may participate in the San Mateo County Pooled Fund with the approval of the Treasurer and the County Treasury Oversight Committee.

XIX. Disaster Recovery

The San Mateo County Treasurer's Disaster Recovery Plan includes critical phone numbers and addresses of key personnel as well as active bankers and brokers/dealers. Portable devices have been issued to key personnel for communicating between staff, banks and broker/dealers. The plan includes an offsite location to be communicated at the time of readiness if our offices are uninhabitable.

In the event investment staff is unable to invest the portfolio, the custodial bank will automatically sweep all un-invested cash into a collateralized account at the end of the business day. Union Bank is currently the pools bank.

Should this guarantee program not be extended, a collateralized account will be set up. Until normal operations of the Treasurer's office have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy.

XX. Ethics and Conflict of Interest

The Treasurer and all investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program or which could impair the ability to execute impartial investment decisions. The Treasurer and all investment personnel shall complete and submit State of California Form 700, Statement of Economic Interests Disclosure annually.

XXI. Limits on Honoraria, Gifts and Gratuities

In accordance with California Government Code Section 27133, this policy establishes limits for the Treasurer; individuals responsible for management of the portfolios; and members of the Treasury Oversight Committee; select individual investment advisors and broker/dealers who conduct day-to-day investment trading activity.

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 designated in a conflict of interest code may receive aggregate gifts, honoraria and gratuities 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. Gifts from a single source are subject to a $420 limit. Any violation must be reported to the State Fair Political Practices Commission.

Comparison and Interpretation of Credit Ratings[1]

Long Term Debt Ratings

Rating Interpretation	Moody's	Standard & Poor's	Fitch
Best-Quality grade	Aaa	AAA	AAA
High-Quality Grade	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-
Speculative Grade	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-
Low Grade	B1 B2 B3	B+ B B-	B+ B B-
Poor Grade to Default	Caa	CCC+	CCC
In Poor Standing	- -	CCC CCC-	- -
Highly Speculative Default	Ca C	CC -	CC -
Default	- - -	- - D	DDD DD D

Short Term/Commercial Paper Investment Grade Ratings

Rating Interpretation	Moody's	Standard & Poor's	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

[1] These are general credit rating guidelines and are for information only

GLOSSARY OF TERMS

ACCRUED INTEREST

Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

ASSET-BACKED SECURITIES (ABS)

A financial security backed by a loan, lease or receivables against assets other than real estate and mortgage-backed securities. For investors, asset-backed securities are an alternative to investing in corporate debt.

AVERAGE LIFE

The length of time the principal of a debt issue is expected to be outstanding. The average life is an average period before a debt is repaid through amortization or sinking fund payments.

BANKERS' ACCEPTANCE

A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank "accepts" such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. Little risk is involved for the investor because the commercial bank assumes primary liability once the draft is accepted.

BASIS POINT

One basis point is equal to 1/100 of one percent. For example, if interest rates increase from 4.25% to 4.50%, the difference is referred to as a 25-basis-point increase.

BENCHMARK

A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID

The price at which a buyer offers to buy a security.

BOND

A bond is essentially a loan made by an investor to a division of the government, a government agency or a corporation. The bond is a promissory note to repay the loan in full at the end of a fixed time period. The date on which the principal must be repaid is the called the maturity date or maturity. In addition, the issuer of the bond, that is, the agency or corporation receiving the loan proceeds and issuing the promissory note, agrees to make regular payments of interest at a rate initially stated on the bond. Bonds are rated according to many factors, including cost, degree of risk and rate of income.

BOOK VALUE

The value of a held security as carried in the records of an investor. May differ from current market value of the security.

BROKER/DEALER

Any person engaged in the business of effecting transactions in securities in this state for the account of others or for her/his own account. Broker/dealer also includes a person engaged in the regular business of issuing or guaranteeing options with regard to securities not of her/his own issue.

CALLABLE SECURITIES

An investment security that contains an option allowing the issuer to retire the security prior to its final maturity date.

COMMERCIAL PAPER

Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

COLLATERALIZED TIME DEPOSITS

An interest-bearing bank deposit that has a specific maturity date.

CORPORATE BOND

A debt security issues by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds. Corporate bonds are considered higher risk than government bonds. As a result, interest rates are almost always higher, even for top flight credit quality companies.

COUPON RATE

The annual rate of interest payable on a security expressed as a percentage of the principal amount.

COVERED BOND

A covered or mortgage bond is an on-balance sheet obligation of the issuing institution. Typically, a covered bond receives the legal structure, the issuer's backing and the pledge of quality assets, should the issuer fail to qualify for a higher rated bond.

CREDIT RISK

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

CURRENT YIELD

The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSIP NUMBERS

CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

DISCOUNT

The amount by which the par value of a security exceeds the price paid for the security.

DIVERSIFICATION

Dividing investment funds among a variety of securities offering independent returns.

DURATION

The weighted average time to maturity of a bond where the weights are the present values of future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates.

EARNINGS APPORTIONMENT

The quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

EQUITY-LINKED SECURITIES

A hybrid debt instrument that is linked to the equity markets. Equity-linked securities can be in the form of a single stock, a group of stocks or an equity-based index, such as the S&P 500.

EVENT-LINKED SECURITIES

A type of bond whose interest and principal payments are determined based on the non-occurrence of certain events such as an earthquake and hurricane. If an event, usually referred to as a "trigger event", occurs, then the holder of the bond could see a loss of all future interest payments or a loss of most principal.

FAIR VALUE

The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL FUNDS

Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend Fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE

Interest rate at which banks lend federal funds to each other.

FEDERAL OPEN MARKET COMMITTEE (FOMC)

This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FIDUCIARY

An individual who holds something in trust for another and bears liability for its safekeeping.

FLOATING RATE NOTE

A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR, etc.).

FUTURES

Commodities, which are sold to be delivered at a future date

INTEREST

The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INVERSE FLOATING RATE NOTES

Variable-rate notes whose coupon and value increase as interest rates decrease.

LEVERAGED FLOATER

A security, generally a bond, which has a leverage factor of greater than one and a fixed margin with a variable coupon rate, which is tied to a benchmark interest rate or index.

LIQUIDITY

The ease with which investments can be converted to cash at their present market value. Liquidity is significantly affected by the number of buyers and sellers trading a given security and the number of units of the security available for trading.

LOCAL AGENCY INVESTMENT FUND (LAIF)

The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

MARKET RISK

Market risk is the risk that investments will change in value based on changes in general market prices.

MARKET VALUE

The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT

A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transaction. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY

The date upon which the principal of a security becomes due and payable to the holder.

MONEY MARKET MUTUAL FUND

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

MORTGAGE-BACKED SECURITIES (MBS)

A type of asset-backed security that is secured by a mortgage or collection of mortgages. These securities must also be grouped in one of the top two ratings as determined by an accredited credit rating agency, an usually pay periodic payments that are similar to coupon payments.

MUNICIPAL BOND

Debt obligation of a state or local government entity

NEGOTIABLE CERTIFICATE OF DEPOSIT (NCD)

A negotiable certificate of deposit (NCD) is a certificate of deposit with a minimum face value of $100,000, and they are guaranteed by the bank and can usually be sold in a highly liquid secondary market, but they cannot be cashed in before maturity.

OPTION

A contract that provides the right, but not the obligation, to buy or to sell a specific amount of a specific security within a predetermined time period. A call option provides the right to buy the underlying security. A put option provides the right to sell the underlying security. The seller of the contracts is called the writer.

PAR

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

PAR VALUE

The stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

PREMIUM

The amount by which the price paid for a security exceeds the security's par value.

PRIME RATE

A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

RANGE NOTE

A structured note that provides investors with an above market coupon, but against foregoing coupon payments when the floating rate (LIBOR, typically) breaks outside the boundaries of a specific range.

RATE OF RETURN

The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond and the current income return.

REPURCHASE AGREEMENT OR RP OR REPO

An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

SAFEKEEPING

A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held by the bank in the customer's name.

SECURITIES LENDING

A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SETTLEMENT DATE

The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

STRIPs

Bonds, usually issued by the U.S. Treasury, whose two components, interest and repayment of principal, are separated and sold individually as zero-coupon bonds. Strips are an acronym for Separate Trading of Registered Interest and Principal of Securities.

STRUCTURED INVESTMENT VEHICLES (SIV)

A pool of investment assets that attempts to profit from credit spreads between short-term debt and long-term structured finance products such as asset-backed securities (ABS).

TRADE DATE

The date and time corresponding to an investor's commitment to buy or sell a security.

U.S. AGENCY OBLIGATIONS

Federal agency or United States government-sponsored enterprise obligations, participants, or other instruments. The obligations are issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Issuers include: Fannie Mae, Farmer Mac, Federal Farm Credit Banks, Freddie Mac, Federal Home Loan Banks, Financing Corporation, Tennessee Valley Authority, Resolution Trust Funding Corporation, World Bank, Inter-American Development Bank and PEFCO.

US INSTRUMENTALITIES

An organization that serves a public purpose and is closely tied to federal and/or state government, but is not a government agency. Many instrumentalities are private companies, and some are chartered directly by state or federal government.

U.S. TREASURY OBLIGATIONS (TREASURIES)

Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

WEIGHTED AVERAGE MATURITY

The remaining average maturity of all securities held in a portfolio.

YIELD

The rate of annual income return on an investment, expressed as a percentage. Yield does not include capital gains. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price,

with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

ZERO-COUPON BOND

A bond on which interest is not payable until maturity (or earlier redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-coupon bonds are typically issued at a discount and repaid at par upon maturity.

COUNTY OF SAN MATEO
INVESTMENT REPORT

See following page.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Sandie Arnott
TREASURER-TAX COLLECTOR

SAN MATEO COUNTY INVESTMENT POOL FUND DECEMBER 2019 QUARTER END REPORT

TABLE OF CONTENTS

I. Introduction Summary P. 3

II. Portfolio Summary P. 4

III. Fixed Income Distribution P. 5

IV. Summary of Pool Earnings P. 6-7

V. Pool Participant Distribution P. 8

VI. Portfolio Appraisal P. 9-16

VII. Diversification P. 17

IIX. 12-Month Cash Flow P. 18

INTRODUCTION SUMMARY

Gross earnings for the month ending December 31, 2019 were 1.879% with gross quarter earnings being 1.975%. The current average maturity of the portfolio is 1.74 years with an average duration of 1.66 years. The current Par Value of the pool is $5.783 Billion. The largest non-government aggregate position is currently Wells Fargo Bank at 2.16%. The portfolio continues to hold no derivative products.

The San Mateo County Pool complies with Government Code Section 53646, which requires the ability to meet its expenditure requirements for the next six months.

I certify, and our compliance advisor, Silicon Valley Treasury Consulting Group, confirms these reports are in compliance with the Investment Policy dated Calendar Year 2019. Please visit our website if you wish to review Silicon Valley Treasury Consulting Group's monthly compliance report: https://treasurer.smcgov.org/investment-information

If you have any questions regarding any of these reports, please call me at (650) 363-4470.

Best regards,

Sandie Arnott
Treasurer-Tax Collector

SAN MATEO COUNTY TREASURER'S OFFICE PORTFOLIO REPORT
December 31, 2019

Earnings Summary

Average Balance		$	5,815,860,312.63
Gross Earnings Rate/Dollar	1.879%	$	9,282,198.89
Administration Fees		$	(469,252.29)
Net Earnings Rates/Dollar		**$**	**8,812,946.60**

Portfolio Summary

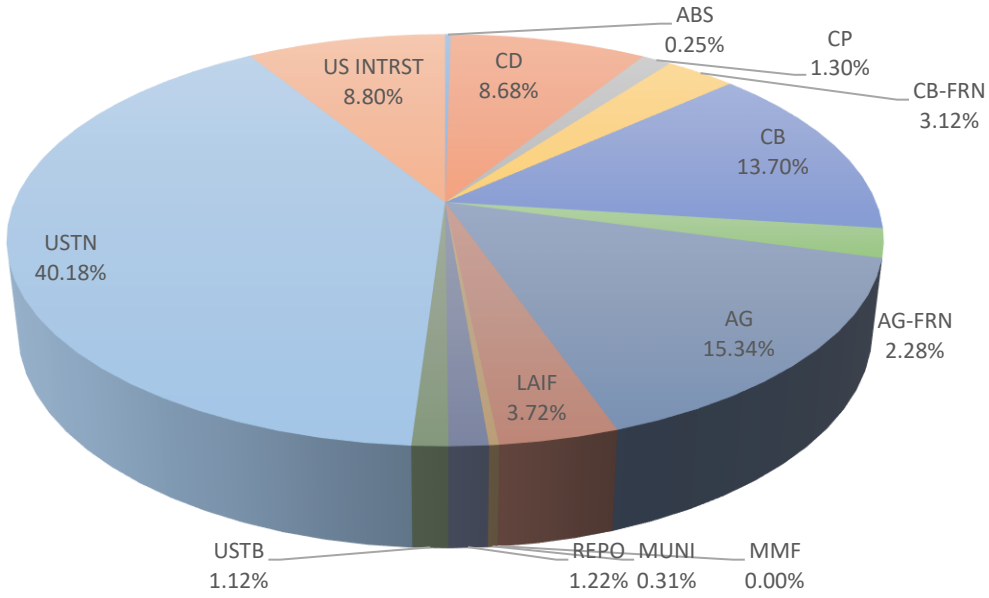
Average Yield to Maturity		1.75
Average Maturity (yrs)		1.74
Average Coupon		1.93
Average Duration		1.66
Average Moody Rating		Aa1/P-1
Average S&P Rating		AA/A-1
Net Gain/Loss	$	34,438,432.28
Annual Income	$	111,071,871.63
Accrued Interest	$	29,270,341.17
Number of Issues		246

Monthly Earnings Rates

Month	SMC	LAIF
July-19	2.336%	2.379%
August-19	2.281%	2.341%
September-19	2.186%	2.280%
October-19	2.105%	2.190%
November-19	1.959%	2.103%
December-19	1.879%	2.043%

Investment Type	Par	Book	Market
Asset Backed Securities	14,260	14,547	14,452
Certificate of Deposit	501,978	502,225	506,372
Commericial Paper	75,000	73,576	74,755
Corporate Bond - Floaters	180,211	180,139	181,576
Corporate Bonds	792,083	796,396	808,295
Federal Agency - Floaters	131,650	131,674	131,730
Federal Agency Securities	887,420	889,750	894,242
Local Agency Investment Fund	215,000	215,000	215,378
Money Market Funds	19	19	19
Municipal Bonds	17,650	18,085	18,339
Repurchase Agreement	70,700	70,700	70,703
United States Treasury Bills	65,000	64,078	64,782
United States Treasury Notes	2,323,715	2,358,468	2,366,924
US Instrumentalities	509,000	507,994	509,523
Grand Total	**5,783,686**	**5,822,651**	**5,857,089**

Values in $Thousands, Book Value does not reflect amortizations or accretions but includes purchased accrued interest. Market Value includes accrued Interest for reporting period and downloaded through Interactive Data Corp.



SAN MATEO COUNTY TREASURER'S OFFICE FIXED INCOME DISTRIBUTION
December 31, 2019

Distribution By Maturity

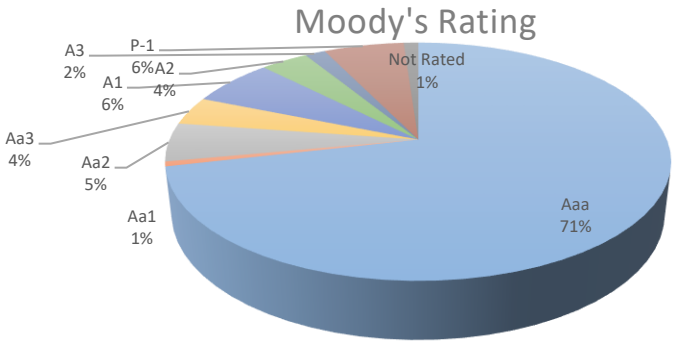
Maturity	Number	Mkt Value	% Bond Holdings	Average YTM	Average Coupon	Average Duration
Under 1 Yr	104	$ 2,210,120,106.61	37.7%	1.8	1.491%	0.3
1 Yr - 3 Yrs	90	$ 2,440,498,777.29	41.7%	1.7	2.077%	1.9
3 Yrs - 5 Yrs	52	$ 1,206,470,460.95	20.6%	1.8	2.429%	3.7

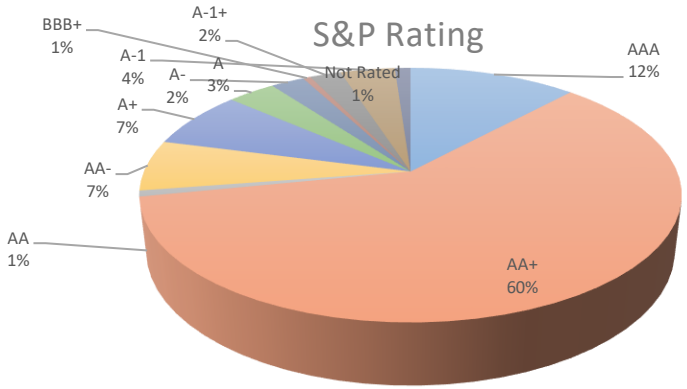
Distribution By Coupon

Coupon %	Number	Mkt Value	% Bond Holdings	Average YTM	Average Coupon	Average Duration
Under 1%	29	$ 567,033,439.98	9.7%	1.5	0.000%	0.1
1% - 3%	199	$ 5,088,147,696.89	86.9%	1.8	2.063%	1.8
3% - 5%	16	$ 173,005,223.45	3.0%	2.1	3.760%	2.1
5% - 7%	2	$ 28,902,984.54	0.5%	1.7	5.411%	1.5

Distribution by Duration

Duration	Number	Mkt Value	% Bond Holdings	Average YTM	Average Coupon	Average Duration
Under 1 Yr	106	$ 2,254,214,719.28	38.5%	1.8	1.513%	0.4
1 Yr - 3 Yrs	93	$ 2,504,563,669.10	42.8%	1.7	2.081%	1.9
3 Yrs - 5 Yrs	47	$ 1,098,310,956.48	18.8%	1.8	2.432%	3.8





Distribution by Moody's Rating

Rating	Number	Mkt Value	% Bond Holdings	Average YTM	Average Coupon	Average Duration
Aaa	144	$ 4,182,234,188.46	71.4%	1.6	1.794%	1.8
Aa1	6	$ 37,769,136.63	0.6%	1.9	2.004%	1.7
Aa2	15	$ 307,078,190.69	5.2%	2	2.415%	1.5
Aa3	12	$ 226,380,405.94	3.9%	2.1	2.272%	1.6
A1	26	$ 375,436,323.94	6.4%	2	2.544%	1.3
A2	17	$ 212,237,163.96	3.6%	2.1	2.837%	2
A3	10	$ 91,508,258.98	1.6%	2.1	2.810%	3.3
P-1	15	$ 359,153,300.84	6.1%	2.2	1.411%	0.2
Not Rated	1	$ 65,292,375.42	1.1%	2.1	2.103%	0.2

Distribution by S&P Rating

Rating	Number	Mkt Value	% Bond Holdings	Average YTM	Average Coupon	Average Duration
AAA	29	$ 699,055,846.99	11.9%	1.7	1.159%	0.5
AA+	119	$ 3,508,683,905.64	59.9%	1.6	1.922%	2.1
AA	4	$ 44,352,441.01	0.8%	1.7	2.248%	1.1
AA-	22	$ 378,409,664.57	6.5%	2	2.375%	1.5
A+	26	$ 428,800,192.84	7.3%	2.1	2.473%	1.5
A	17	$ 201,365,460.24	3.4%	2	2.605%	1.8
A-	10	$ 140,593,961.56	2.4%	2.1	2.855%	2.5
BBB+	3	$ 31,382,195.75	0.5%	2.3	3.622%	3.5
A-1+	6	$ 130,944,788.15	2.2%	1.8	1.126%	0.2
A-1	9	$ 228,208,512.70	3.9%	2.4	1.574%	0.1
Not Rated	1	$ 65,292,375.42	1.1%	2.1	2.103%	0.2

Market value on the Fixed Income Distribution Report includes any accrued interest that a security has earned. Total cost does not reflect amortizations or accretions but includes purchased accrued interest. Monthly Transaction Summary is available upon request.

SUMMARY OF POOL EARNINGS

COUNTY OF SAN MATEO

ESTIMATED SUMMARY OF POOL EARNINGS

DECEMBER 2019

	Par Value	Gross Earnings
Fixed Income Securities Maturing > 1 year		
U S Treasury Notes	$ 2,130,315,000.00	$ 2,378,452.77
Corporate Notes	$ 566,494,000.00	$ 1,094,664.21
Floating Rate Securities	$ 138,190,000.00	$ 258,505.26
Federal Agencies	$ 478,290,000.00	$ 563,326.30
U.S, Instrumentalities	$ 70,000,000.00	$ 111,418.25
Asset Backed Securities	$ 14,260,000.00	$ 12,359.03
Certificate of Deposit	$ 200,000,000.00	$ 370,944.30
	$3,597,549,000	**$ 4,789,670.13**
Short Term Securities Maturing < 1 year		
Repurchase Agreements	$ 70,718,845.62	$ 9,132.08
U S Treasury Notes	$ 173,400,000.00	$ 221,939.42
Corporate Notes	$ 224,139,000.00	$ 488,997.72
Floating Rate Securities	$ 49,021,000.00	$ 64,999.53
Federal Agencies	$ 556,570,000.00	$ 783,672.31
U.S, Instrumentalities	$ 449,000,000.00	$ 497,781.47
U S Treasury Bills	$ 85,000,000.00	$ 102,342.80
Certificate of Deposit	$ 288,288,000.00	$ 521,232.05
Commercial Paper	$ 75,000,000.00	$ 164,601.39
CAMP	$ 150,000,000.00	$ 88,767.12
LAIF	$ 65,000,000.00	$ 132,493.15
	$ 2,186,136,845.62	**$ 3,075,959.04**
Total Accrued Interest	**$ 5,783,685,845.62**	**$ 7,865,629.16**
Total Dollar Earnings for December		**$ 9,282,198.89**

	Period Earnings
Realized Gain/Loss & Interest Received	
U S Treasury Notes	$ 539,923.89
Corporate Notes	$ 50,295.99
Certificate of Deposit	$ 141,576.95
Federal Agencies	$ 237,434.67
U.S, Instrumentalities	$ 43,215.25
Floating Rate Securities	$ 51,663.35
U S Treasury Bills	$ 22,861.12
Asset Backed Securities	$ 14,474.88
Repurchase Agreements	$ 315,123.62
Total Realized Income	**$ 1,416,569.73**

AVERAGE BALANCE		**$ 5,815,860,312.63**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**1.879%**	**$ 9,282,198.89**
ADMINISTRATION FEES		**($469,252.29)**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**1.784%**	**$8,812,946.60**

SUMMARY OF POOL EARNINGS

COUNTY OF SAN MATEO

SUMMARY OF POOL EARNINGS

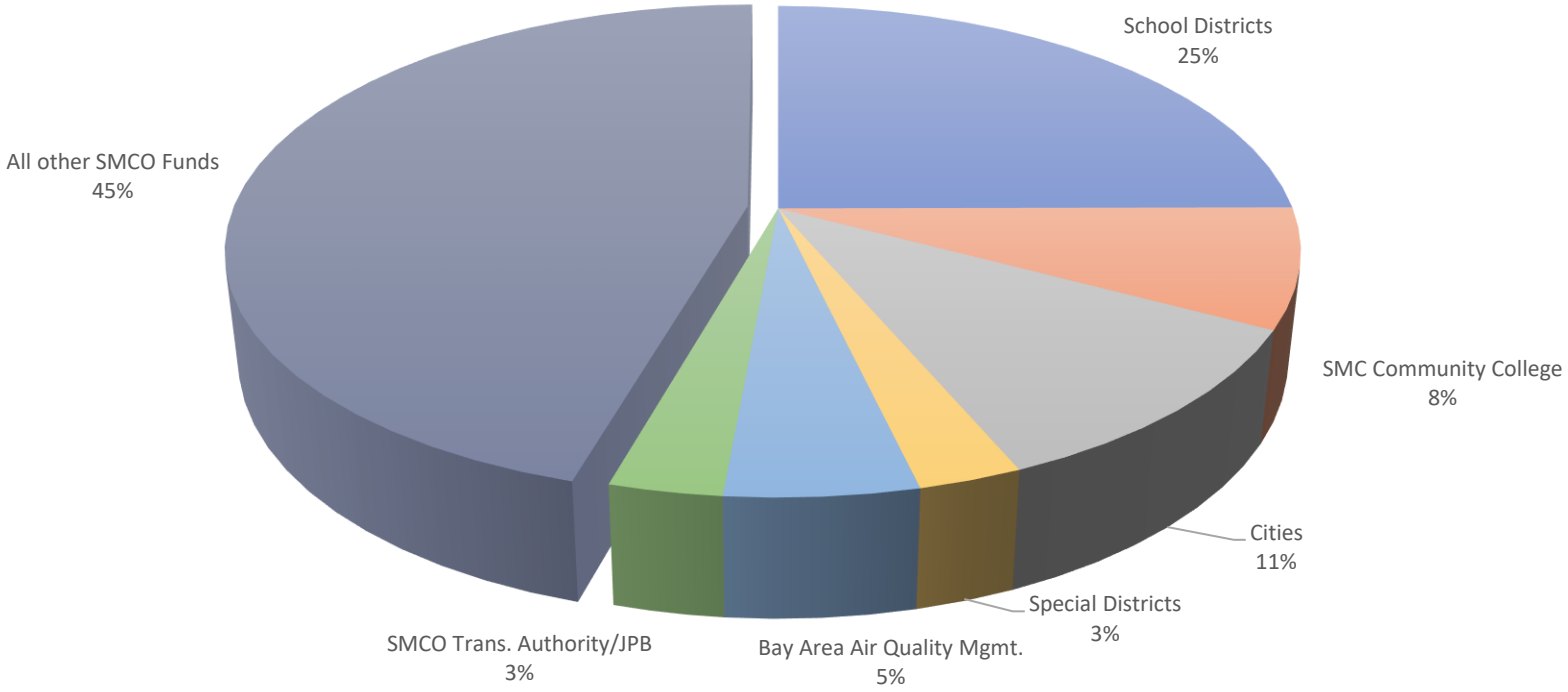
Q2 FISCAL YEAR 2019-2020

	Par Value	Gross Earnings
Fixed Income Securities Maturing > 1 year		
U S Treasury Notes	$ 2,130,315,000.00	$ 5,251,585.56
Corporate Notes	$ 566,494,000.00	$ 2,799,960.46
Floating Rate Securities	$ 138,190,000.00	$ 431,455.57
Federal Agencies	$ 478,290,000.00	$ 896,080.89
U.S, Instrumentalities	$ 70,000,000.00	$ 282,301.06
Asset Backed Securities	$ 14,260,000.00	$ 11,725.58
Certificate of Deposit	$ 200,000,000.00	$ 976,199.77
	$3,597,549,000	**$ 10,649,308.91**
Short Term Securities Maturing < 1 year		
Repurchase Agreements	$ 70,718,845.62	$ 9,132.08
U S Treasury Notes	$ 173,400,000.00	$ 317,553.20
Corporate Notes	$ 224,139,000.00	$ 1,452,624.21
Floating Rate Securities	$ 49,021,000.00	$ 113,221.51
Federal Agencies	$ 556,570,000.00	$ 1,406,271.71
U.S, Instrumentalities	$ 449,000,000.00	$ 807,336.56
U S Treasury Bills	$ 85,000,000.00	$ 274,750.67
Certificate of Deposit	$ 288,288,000.00	$ 1,112,376.19
Commercial Paper	$ 75,000,000.00	$ 488,494.44
CAMP	$ 150,000,000.00	$ 88,767.12
LAIF	$ 65,000,000.00	$ 393,205.48
	$ 2,186,136,845.62	**$ 6,463,733.18**
Total Accrued Interest	**$ 5,783,685,845.62**	**$ 17,113,042.09**
Total Dollar Earnings for Q2 FY 2019-2020		**$ 26,375,157.08**

	Period Earnings
Realized Gain/Loss & Interest Received	
U S Treasury Notes	$ 2,646,956.52
Corporate Notes	$ 597,185.17
Certificate of Deposit	$ 1,688,649.07
Federal Agencies	$ 2,425,504.93
U.S, Instrumentalities	$ 182,605.08
Floating Rate Securities	$ 578,761.41
U S Treasury Bills	$ 156,291.93
Commercial Paper	$ 330,004.46
Asset Backed Securities	$ 18,538.00
Repurchase Agreements	$ 637,618.42
Total Realized Income	**$ 9,262,114.99**

AVERAGE BALANCE		**$ 5,297,488,532.97**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**1.975%**	**$ 26,375,157.08**
ADMINISTRATION FEES		**($1,268,494.51)**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**1.880%**	**$25,106,662.56**

SAN MATEO COUNTY TREASURER'S OFFICE POOL PARTICIPANTS DISTRIBUTION
December 31, 2019



Participants:	$	%
School Districts	$ 1,472,013,648.87	24.9%
SMC Community College	$ 463,537,428.15	7.9%
Cities	$ 637,688,954.15	10.8%
Special Districts	$ 162,193,433.99	2.7%
Bay Area Air Quality Mgmt.	$ 300,334,336.25	5.1%
SMCO Trans. Authority/JPB	$ 176,771,259.45	3.0%
All other SMCO Funds	$ 2,692,052,907.39	45.6%
Totals	**$ 5,904,591,968.25**	**100.0%**

*Figures will not match Market Value of the pool as assets of individual participants not subjected to investment are included.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

December 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
CERTIFICATE OF DEPOSIT													
CITIBANK NA	2.58	01-03-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	435,375.00	25,435,375.00	A-1	0.43
TORONTO-DOMINION BANK NY	2.88	01-16-20			20,000,000	100.81	20,161,416.70	100.00	20,000,000.00	435,200.00	20,435,200.00	A-1+	0.34
SOCIETE GENERALE NY	2.42	01-27-20			35,500,000	100.04	35,512,613.51	100.00	35,500,000.00	154,842.86	35,654,842.86	A-1	0.61
CANADIAN IMPERIAL YCD FRN	2.13	01-30-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	18,302.92	5,018,302.92	A-1	0.09
CANADIAN IMPERIAL YCD FRN	2.13	01-30-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	36,605.83	10,036,605.83	A-1	0.17
CANADIAN IMPERIAL YCD FRN	2.13	01-30-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	36,605.83	10,036,605.83	A-1	0.17
BANK OF MONTREAL CHICAGO-YCD	2.11	01-31-20			11,478,000	100.00	11,478,000.00	100.00	11,478,000.00	304,335.95	11,782,335.95	A-1	0.20
NATIONAL AUSTRALIA BK/NY	1.85	02-10-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	26,908.15	25,026,908.15	A-1+	0.43
BNS HOUSTON YCD FRN-Q	2.08	02-18-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	11,958.12	5,011,958.12	A-1	0.09
BNS HOUSTON YCD FRN-Q	2.08	02-18-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	11,958.12	5,011,958.12	A-1	0.09
CANADIAN IMP BK COMM NY- FRN	2.07	03-18-20			20,000,000	100.10	20,020,368.96	100.00	20,000,000.00	14,939.17	20,014,939.17	A-1	0.34
SOCIETE GENERALE NY	2.68	05-01-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	450,388.89	25,450,388.89	A-1	0.43
SWEDBANK YCD FRN-Q	2.12	05-07-20			20,000,000	100.00	20,000,000.00	100.00	20,000,000.00	700,755.00	20,700,755.00	A-1+	0.34
BNS HOUSTON YCD- FRNQ	2.18	08-17-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	63,700.00	25,063,700.00	A+	0.43
SUMITOMO MITSUI BANK NY	2.33	08-28-20			25,000,000	100.21	25,052,250.00	100.00	25,000,000.00	53,481.77	25,053,481.77	A	0.43
HSBC BANK USA	2.70	10-02-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	203,250.00	10,203,250.00	AA-	0.17
SVENSKA HANDELSBANKEN YCD	2.25	01-29-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	98,355.69	25,098,355.69	AA-	0.43
NORDEA BANK NY - FRN	2.19	02-12-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	74,542.27	25,074,542.27	AA-	0.43
COOPERATIEVE RABO YCD FRN	2.16	03-01-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	44,935.00	25,044,935.00	A+	0.43
CREDIT AGRICOLE CIB NY	2.83	04-02-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	532,590.28	25,532,590.28	A+	0.43
NORDEA BANK ABP NY	1.85	08-26-22			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	326,319.44	50,326,319.44	AA-	0.86
SKANDINAV ENSKILDA BK NY	1.86	08-26-22			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	322,916.67	50,322,916.67	A+	0.86
DNB NOR BANK ASA NY	2.04	12-02-22			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	35,416.67	25,035,416.67	AA-	0.43
					501,978,000		502,224,649.17		501,978,000.00	4,393,683.63	506,371,683.63		8.61
COMMERCIAL PAPER													
CREDIT AGRICOLE CIB NY	0.00	01-31-20			25,000,000	98.07	24,518,125.00	99.77	24,942,900.00	0.00	24,942,900.00	A-1	0.43
MUFG BANK LTD/NY	0.00	02-21-20			20,000,000	98.09	19,618,916.67	99.62	19,924,920.00	0.00	19,924,920.00	A-1	0.34
MUFG BANK LTD/NY	0.00	02-21-20			30,000,000	98.13	29,439,183.33	99.62	29,887,380.00	0.00	29,887,380.00	A-1	0.51
					75,000,000		73,576,225.00		74,755,200.00	0.00	74,755,200.00		1.28
LOCAL AGENCY INVESTMENT FUND													
CA ASSET MGMT PROGRAM	1.87	01-02-20			150,000,000	100.00	150,000,000.00	100.00	150,000,000.00	85,708.33	150,085,708.33	AAA	2.57
LAIF	2.04	01-02-20			65,000,000	100.00	65,000,000.00	100.00	65,000,000.00	292,375.42	65,292,375.42	NR	1.12
					215,000,000		215,000,000.00		215,000,000.00	378,083.75	215,378,083.75		3.69
REPURCHASE AGREEMENTS													
REPURCHASE AGREEMENT (U.S. TRE	1.55	01-02-20			70,700,000	100.00	70,700,000.00	100.00	70,700,000.00	2,994.13	70,702,994.13	AA+	1.21
UNITED STATES TREASURY-BILLS													
UNITED STATES TREAS BILL	0.00	02-23-20			15,000,000	99.08	14,861,610.45	99.83	14,973,975.00	0.00	14,973,975.00	A-1+	0.26
UNITED STATES TREAS BILL	0.00	02-27-20			25,000,000	97.64	24,410,456.60	99.77	24,941,275.00	0.00	24,941,275.00	A-1+	0.43
UNITED STATES TREAS BILL	0.00	05-07-20			25,000,000	99.23	24,806,309.00	99.47	24,866,675.00	0.00	24,866,675.00	A-1+	0.43
					65,000,000		64,078,376.05		64,781,925.00	0.00	64,781,925.00		1.11

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

December 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
UNITED STATES TREASURY-NOTES													
UNITED STATES TREAS NTS	2.00	07-31-20			20,000,000	100.88	20,175,033.97	100.21	20,041,400.00	166,304.35	20,207,704.35	AA+	0.34
UNITED STATES TREAS NTS	1.62	07-31-20			20,000,000	100.61	20,122,724.18	100.00	19,999,220.00	135,122.28	20,134,342.28	AA+	0.34
UNITED STATES TREAS NTS	1.37	08-31-20			25,000,000	100.07	25,016,365.47	99.83	24,958,000.00	115,828.80	25,073,828.80	AA+	0.43
UNITED STATES TREAS NTS	1.37	08-31-20			25,000,000	100.06	25,014,444.54	99.83	24,958,000.00	115,828.80	25,073,828.80	AA+	0.43
UNITED STATES TREAS NTS	1.37	08-31-20			40,000,000	100.14	40,056,404.53	99.83	39,932,800.00	185,326.09	40,118,126.09	AA+	0.69
UNITED STATES TREAS NTS	1.37	08-31-20			25,000,000	100.22	25,055,374.31	99.83	24,958,000.00	115,828.80	25,073,828.80	AA+	0.43
UNITED STATES TREAS NTS	1.37	09-15-20			20,000,000	100.14	20,027,575.55	99.82	19,963,280.00	80,837.91	20,044,117.91	AA+	0.34
UNITED STATES TREAS NTS	1.75	10-31-20			18,400,000	99.71	18,346,812.50	100.08	18,415,088.00	54,546.45	18,469,634.45	AA+	0.32
UNITED STATES TREAS NTS	2.50	12-31-20			14,930,000	101.08	15,090,964.06	100.84	15,054,799.87	1,019.81	15,055,819.68	AA+	0.26
UNITED STATES TREAS NTS	2.50	12-31-20			18,600,000	100.91	18,769,289.06	100.84	18,755,477.40	1,270.49	18,756,747.89	AA+	0.32
UNITED STATES TREAS NTS	2.25	02-15-21			25,000,000	100.46	25,115,234.38	100.67	25,167,975.00	210,937.50	25,378,912.50	AA+	0.43
UNITED STATES TREAS NTS	2.50	02-28-21			10,475,000	100.96	10,575,658.21	100.98	10,577,298.85	87,771.29	10,665,070.14	AA+	0.18
UNITED STATES TREAS NTS	2.62	06-15-21			20,000,000	101.87	20,374,218.75	101.45	20,290,620.00	22,950.82	20,313,570.82	AA+	0.35
UNITED STATES TREAS NTS	2.62	06-15-21			9,200,000	101.49	9,337,281.25	101.45	9,333,685.20	10,557.38	9,344,242.58	AA+	0.16
UNITED STATES TREAS NTS	1.12	06-30-21			28,950,000	99.58	28,828,604.70	99.30	28,747,581.60	0.00	28,747,581.60	AA+	0.49
UNITED STATES TREAS NTS	1.12	07-31-21			50,000,000	100.00	50,000,000.00	99.25	49,626,950.00	233,865.49	49,860,815.49	AA+	0.85
UNITED STATES TREAS NTS	1.12	07-31-21			23,500,000	98.58	23,166,777.34	99.25	23,324,666.50	109,916.78	23,434,583.28	AA+	0.40
UNITED STATES TREAS NTS	2.75	08-15-21			10,000,000	101.93	10,192,968.75	101.82	10,182,420.00	103,125.00	10,285,545.00	AA+	0.17
UNITED STATES TREAS NTS	2.75	08-15-21			14,160,000	101.82	14,417,756.25	101.82	14,418,306.72	146,025.00	14,564,331.72	AA+	0.25
UNITED STATES TREAS NTS	2.75	08-15-21			17,400,000	102.44	17,825,129.76	101.82	17,717,410.80	179,437.50	17,896,848.30	AA+	0.30
UNITED STATES TREAS NTS	1.12	08-31-21			50,000,000	99.62	49,812,500.00	99.23	49,615,250.00	191,066.58	49,806,316.58	AA+	0.85
UNITED STATES TREAS NTS	1.12	08-31-21			50,000,000	99.75	49,875,000.00	99.23	49,615,250.00	191,066.58	49,806,316.58	AA+	0.85
UNITED STATES TREAS NTS	1.12	09-30-21			50,000,000	99.78	49,890,625.00	99.20	49,597,650.00	142,170.33	49,739,820.33	AA+	0.85
UNITED STATES TREAS NTS	1.12	09-30-21			20,000,000	98.73	19,746,093.75	99.20	19,839,060.00	56,868.13	19,895,928.13	AA+	0.34
UNITED STATES TREAS NTS	2.87	10-15-21			25,000,000	102.16	25,541,015.63	102.24	25,560,550.00	151,212.43	25,711,762.43	AA+	0.44
UNITED STATES TREAS NTS	1.25	10-31-21			50,000,000	100.00	50,000,000.00	99.40	49,699,200.00	105,874.32	49,805,074.32	AA+	0.85
UNITED STATES TREAS NTS	2.88	11-15-21			30,000,000	102.91	30,873,046.88	102.36	30,707,820.00	109,129.95	30,816,949.95	AA+	0.53
UNITED STATES TREAS NTS	2.88	11-15-21			18,585,000	102.51	19,051,802.93	102.36	19,023,494.49	67,606.00	19,091,100.49	AA+	0.33
UNITED STATES TREAS NTS	2.88	11-15-21			4,870,000	102.57	4,994,956.81	102.36	4,984,902.78	17,715.43	5,002,618.21	AA+	0.09
UNITED STATES TREAS NTS	2.12	12-31-21			20,000,000	101.46	20,291,406.25	101.05	20,210,160.00	1,161.20	20,211,321.20	AA+	0.35
UNITED STATES TREAS NTS	2.12	12-31-21			15,500,000	101.17	15,681,035.16	101.05	15,662,874.00	899.93	15,663,773.93	AA+	0.27
UNITED STATES TREAS NTS	2.00	12-31-21			28,280,000	100.67	28,470,006.25	100.80	28,506,466.24	0.00	28,506,466.24	AA+	0.49
UNITED STATES TREAS NTS	2.00	12-31-21			25,500,000	100.72	25,683,281.25	100.80	25,704,204.00	0.00	25,704,204.00	AA+	0.44
UNITED STATES TREAS NTS	2.50	01-15-22			16,700,000	101.75	16,991,852.92	101.81	17,002,036.20	191,732.34	17,193,768.54	AA+	0.29
UNITED STATES TREAS NTS	2.50	01-15-22			13,500,000	102.05	13,776,098.84	101.81	13,744,161.00	154,993.21	13,899,154.21	AA+	0.24
UNITED STATES TREAS NTS	2.50	01-15-22			26,000,000	102.51	26,651,501.36	101.81	26,470,236.00	298,505.43	26,768,741.43	AA+	0.45
UNITED STATES TREAS NTS	2.50	02-15-22			19,575,000	102.19	20,003,735.05	101.90	19,946,611.80	183,515.62	20,130,127.42	AA+	0.34
UNITED STATES TREAS NTS	2.50	02-15-22			14,700,000	101.93	14,983,888.75	101.90	14,979,064.80	137,812.50	15,116,877.30	AA+	0.26
UNITED STATES TREAS NTS	1.87	02-28-22			12,300,000	101.03	12,427,208.06	100.61	12,375,435.90	77,297.39	12,452,733.29	AA+	0.21
UNITED STATES TREAS NTS	1.87	03-31-22			50,000,000	100.48	50,238,281.25	100.64	50,318,350.00	236,950.55	50,555,300.55	AA+	0.86
UNITED STATES TREAS NTS	2.25	04-15-22			40,000,000	101.05	40,420,312.50	101.47	40,587,520.00	189,344.26	40,776,864.26	AA+	0.70
UNITED STATES TREAS NTS	2.12	05-15-22			25,000,000	100.90	25,225,585.94	101.23	25,308,600.00	67,135.99	25,375,735.99	AA+	0.43
UNITED STATES TREAS NTS	2.12	05-15-22			1,900,000	101.80	1,934,289.06	101.23	1,923,453.60	5,102.34	1,928,555.94	AA+	0.03
UNITED STATES TREAS NTS	2.12	05-15-22			16,600,000	101.80	16,899,578.13	101.23	16,804,910.40	44,578.30	16,849,488.70	AA+	0.29

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

December 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
UNITED STATES TREAS NTS	1.75	05-31-22			25,200,000	99.77	25,142,906.25	100.39	25,298,431.20	37,557.69	25,335,988.89	AA+	0.43
UNITED STATES TREAS NTS	2.12	06-30-22			32,500,000	101.70	33,052,246.09	101.32	32,929,097.50	0.00	32,929,097.50	AA+	0.57
UNITED STATES TREAS NTS	2.12	06-30-22			19,960,000	101.24	20,207,940.63	101.32	20,223,531.88	0.00	20,223,531.88	AA+	0.35
UNITED STATES TREAS NTS	1.75	07-15-22			30,895,000	101.11	31,238,633.42	100.39	31,014,470.97	248,293.38	31,262,764.34	AA+	0.53
UNITED STATES TREAS NTS	1.87	07-31-22			49,400,000	101.20	49,992,917.46	100.71	49,749,258.00	303,604.17	50,052,862.17	AA+	0.85
UNITED STATES TREAS NTS	2.00	07-31-22			10,000,000	100.51	10,050,781.25	101.03	10,103,120.00	83,152.17	10,186,272.17	AA+	0.17
UNITED STATES TREAS NTS	2.00	07-31-22			25,000,000	100.45	25,113,281.25	101.03	25,257,800.00	207,880.43	25,465,680.43	AA+	0.43
UNITED STATES TREAS NTS	1.62	08-31-22			50,000,000	99.62	49,808,593.75	100.08	50,041,000.00	204,234.97	50,245,234.97	AA+	0.86
UNITED STATES TREAS NTS	1.87	09-30-22			50,000,000	99.73	49,863,281.25	100.76	50,380,850.00	236,950.55	50,617,800.55	AA+	0.86
UNITED STATES TREAS NTS	2.00	10-31-22			50,000,000	99.84	49,919,921.88	101.10	50,548,850.00	224,043.72	50,772,893.72	AA+	0.87
UNITED STATES TREAS NTS	2.00	11-30-22			50,000,000	99.49	49,746,093.75	101.13	50,564,450.00	86,111.11	50,650,561.11	AA+	0.87
UNITED STATES TREAS NTS	2.12	12-31-22			25,000,000	100.93	25,233,398.44	101.52	25,380,850.00	271,527.78	25,652,377.78	AA+	0.44
UNITED STATES TREAS NTS	2.37	01-31-23			20,000,000	102.58	20,516,949.73	102.27	20,453,900.00	197,486.41	20,651,386.41	AA+	0.35
UNITED STATES TREAS NTS	2.37	01-31-23			25,000,000	102.86	25,715,353.26	102.27	25,567,375.00	246,858.02	25,814,233.02	AA+	0.44
UNITED STATES TREAS NTS	2.62	02-28-23			30,000,000	103.03	30,907,662.26	103.09	30,928,140.00	266,875.00	31,195,015.00	AA+	0.53
UNITED STATES TREAS NTS	2.62	02-28-23			10,935,000	103.31	11,296,761.86	103.09	11,273,307.03	97,275.94	11,370,582.97	AA+	0.19
UNITED STATES TREAS NTS	2.50	03-31-23			25,100,000	103.50	25,977,760.63	102.77	25,796,123.40	160,361.11	25,956,484.51	AA+	0.44
UNITED STATES TREAS NTS	1.50	03-31-23			27,800,000	99.51	27,663,403.30	99.64	27,699,002.60	105,395.60	27,804,398.20	AA+	0.48
UNITED STATES TREAS NTS	2.75	04-30-23			11,900,000	103.93	12,367,632.81	103.62	12,330,910.90	54,841.35	12,385,752.25	AA+	0.21
UNITED STATES TREAS NTS	2.75	04-30-23			22,700,000	104.15	23,641,461.45	103.62	23,521,989.70	104,613.32	23,626,603.02	AA+	0.40
UNITED STATES TREAS NTS	2.75	05-31-23			50,000,000	104.48	52,242,187.50	103.69	51,843,750.00	117,101.65	51,960,851.65	AA+	0.89
UNITED STATES TREAS NTS	2.62	06-30-23			25,000,000	102.91	25,727,539.06	103.38	25,845,700.00	0.00	25,845,700.00	AA+	0.44
UNITED STATES TREAS NTS	2.75	07-31-23			25,000,000	103.65	25,912,109.38	103.84	25,960,950.00	285,835.60	26,246,785.60	AA+	0.45
UNITED STATES TREAS NTS	2.75	07-31-23			35,000,000	105.05	36,768,011.21	103.84	36,345,330.00	400,169.84	36,745,499.84	AA+	0.62
UNITED STATES TREAS NTS	2.75	08-31-23			11,800,000	103.55	12,218,531.25	103.91	12,261,863.80	110,224.18	12,372,087.98	AA+	0.21
UNITED STATES TREAS NTS	2.75	08-31-23			24,500,000	104.76	25,665,664.06	103.91	25,458,954.50	228,855.30	25,687,809.80	AA+	0.44
UNITED STATES TREAS NTS	2.87	09-30-23			9,485,000	104.35	9,897,745.70	104.44	9,906,266.79	68,545.97	9,974,812.76	AA+	0.17
UNITED STATES TREAS NTS	2.87	09-30-23			22,425,000	105.45	23,646,987.30	104.44	23,420,983.95	162,060.45	23,583,044.40	AA+	0.40
UNITED STATES TREAS NTS	1.62	10-31-23			50,000,000	100.16	50,078,125.00	99.91	49,955,100.00	137,636.61	50,092,736.61	AA+	0.86
UNITED STATES TREAS NTS	2.87	11-30-23			26,000,000	104.20	27,092,812.50	104.60	27,195,402.00	63,312.84	27,258,714.84	AA+	0.47
UNITED STATES TREAS NTS	2.62	12-31-23			25,000,000	103.46	25,864,257.81	103.73	25,932,625.00	329,918.03	26,262,543.03	AA+	0.44
UNITED STATES TREAS NTS	2.50	01-31-24			18,900,000	103.60	19,580,310.12	103.29	19,522,377.00	196,447.01	19,718,824.01	AA+	0.33
UNITED STATES TREAS NTS	2.50	01-31-24			43,000,000	104.52	44,943,836.61	103.29	44,415,990.00	446,942.93	44,862,932.93	AA+	0.76
UNITED STATES TREAS NTS	2.50	01-31-24			19,000,000	104.04	19,768,099.53	103.29	19,625,670.00	197,486.41	19,823,156.41	AA+	0.34
UNITED STATES TREAS NTS	2.37	02-29-24			31,790,000	103.82	33,002,839.81	102.85	32,696,523.64	253,053.64	32,949,577.28	AA+	0.56
UNITED STATES TREAS NTS	2.12	02-29-24			15,500,000	102.43	15,876,601.56	101.86	15,787,602.50	110,394.92	15,897,997.42	AA+	0.27
UNITED STATES TREAS NTS	2.12	02-29-24			40,000,000	101.68	40,673,300.14	101.86	40,742,200.00	284,890.11	41,027,090.11	AA+	0.70
UNITED STATES TREAS NTS	2.12	03-31-24			29,300,000	102.36	29,990,952.89	101.86	29,844,804.20	159,115.28	30,003,919.48	AA+	0.51
UNITED STATES TREAS NTS	2.25	04-30-24			15,000,000	102.87	15,430,664.06	102.41	15,360,930.00	56,559.07	15,417,489.07	AA+	0.26
UNITED STATES TREAS NTS	2.25	04-30-24			25,000,000	102.53	25,633,531.51	102.41	25,601,550.00	94,265.11	25,695,815.11	AA+	0.44
UNITED STATES TREAS NTS	2.50	05-15-24			25,000,000	104.22	26,055,664.06	103.47	25,868,175.00	78,983.52	25,947,158.52	AA+	0.44
UNITED STATES TREAS NTS	2.00	06-30-24			5,100,000	101.89	5,196,222.66	101.39	5,170,721.70	0.00	5,170,721.70	AA+	0.09
UNITED STATES TREAS NTS	2.00	06-30-24			10,000,000	101.85	10,185,156.25	101.39	10,138,670.00	0.00	10,138,670.00	AA+	0.17
UNITED STATES TREAS NTS	2.00	06-30-24			25,000,000	101.44	25,360,351.56	101.39	25,346,675.00	0.00	25,346,675.00	AA+	0.43
UNITED STATES TREAS NTS	2.12	07-31-24			25,000,000	102.50	25,626,019.02	101.95	25,486,325.00	220,872.96	25,707,197.96	AA+	0.44
UNITED STATES TREAS NTS	1.87	08-31-24			25,000,000	101.25	25,311,738.07	100.86	25,215,825.00	159,222.15	25,375,047.15	AA+	0.43

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

December 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
UNITED STATES TREAS NTS	2.12	09-30-24			15,900,000	102.46	16,290,396.45	102.00	16,218,000.00	84,930.33	16,302,930.33	AA+	0.28
					2,323,715,000		2,358,468,355.12		2,354,841,664.40	12,082,125.97	2,366,923,790.38		40.41
FEDERAL AGENCY - FLOATING RATE SECURITIES													
FREDDIE MAC	1.92	04-03-20			10,000,000	100.00	10,000,000.00	99.99	9,999,490.30	47,466.67	10,046,956.97	AA+	0.17
FEDERAL HOME LOAN BANK	1.57	05-08-20			20,000,000	100.12	20,024,086.11	99.99	19,998,850.60	21,875.00	20,020,725.60	AA+	0.34
FREDDIE MAC	1.57	05-20-20			10,000,000	100.00	9,999,967.92	99.98	9,998,295.10	17,937.50	10,016,232.60	AA+	0.17
FEDERAL FARM CREDIT BANK-FRN	1.79	05-26-20			10,000,000	100.00	10,000,000.00	100.03	10,002,504.40	2,488.89	10,004,993.29	AA+	0.17
FEDERAL HOME LOAN BANK	1.65	06-19-20			19,650,000	100.00	19,650,000.00	99.96	19,643,036.63	10,840.25	19,653,876.88	AA+	0.34
FED HOME LN BANK	1.88	10-07-20			7,000,000	100.00	7,000,000.00	99.97	6,997,679.01	31,072.22	7,028,751.23	AA+	0.12
FEDERAL FARM CR BKS FDG CORP	1.94	12-11-20			5,000,000	100.00	5,000,000.00	100.01	5,000,514.20	5,381.61	5,005,895.81	AA+	0.09
FEDERAL FARM CR BKS FDG CORP	1.71	08-09-21			15,000,000	100.00	15,000,000.00	99.83	14,974,881.30	15,676.19	14,990,557.49	AA+	0.26
FEDERAL FARM CR BKS FDG CORP	1.76	09-17-21			15,000,000	100.00	15,000,000.00	99.83	14,975,182.65	10,251.38	14,985,434.03	AA+	0.26
FEDERAL FARM CR BKS FDG CORP	1.76	09-17-21			5,000,000	100.00	5,000,000.00	99.83	4,991,727.55	3,417.13	4,995,144.68	AA+	0.09
FEDERAL FARM CR BKS FDG CORP	1.67	11-08-21			10,000,000	100.00	10,000,000.00	99.63	9,963,129.20	24,525.16	9,987,654.36	AA+	0.17
FEDERAL FARM CR BKS FDG CORP	1.67	11-08-21			5,000,000	100.00	5,000,000.00	99.63	4,981,564.60	12,262.58	4,993,827.18	AA+	0.09
					131,650,000		131,674,054.03		131,526,855.54	203,194.58	131,730,050.12		2.26
FEDERAL AGENCY SECURITIES													
FEDERAL HOME LOAN BANK DISC	0.00	01-08-20			20,000,000	99.72	19,944,888.89	99.97	19,994,966.60	0.00	19,994,966.60	AA+	0.34
FEDERAL HOME LOAN BANK-DISC	0.00	01-14-20			20,000,000	99.71	19,941,822.20	99.95	19,989,933.40	0.00	19,989,933.40	AA+	0.34
FEDERAL NATIONAL MORTG. ASSO	1.62	01-21-20			3,500,000	99.90	3,496,465.00	100.00	3,500,094.67	25,277.78	3,525,372.45	AA+	0.06
FEDERAL NATIONAL MORTG. ASSO	1.65	01-27-20	01-27-20	100.00	2,500,000	100.00	2,500,000.00	100.00	2,500,058.15	17,645.83	2,517,703.98	AA+	0.04
FEDERAL HOME LOAN BANK DISCO	0.00	01-30-20			20,000,000	99.74	19,947,883.40	99.88	19,976,511.20	0.00	19,976,511.20	AA+	0.34
FEDERAL HOME DISCOUNT NOTE	0.00	02-03-20			10,000,000	99.69	9,969,472.20	99.86	9,986,488.90	0.00	9,986,488.90	AA+	0.17
FEDERAL HOME DISCOUNT NOTE	0.00	02-03-20			20,000,000	99.70	19,939,933.33	99.86	19,972,977.80	0.00	19,972,977.80	AA+	0.34
FREDDIE DISCOUNT	0.00	02-03-20			10,000,000	99.27	9,927,000.00	99.86	9,986,488.90	0.00	9,986,488.90	AA+	0.17
FEDERAL HOME LOAN BANK-DISCO	0.00	02-05-20			20,000,000	99.61	19,922,144.44	99.86	19,971,288.80	0.00	19,971,288.80	AA+	0.34
FEDERAL HOME LOAN BANK-DISCO	0.00	02-05-20			15,000,000	99.68	14,952,600.00	99.86	14,978,466.60	0.00	14,978,466.60	AA+	0.26
FEDERAL HOME LOAN BANK- DISCO	0.00	02-07-20			20,000,000	99.71	19,941,883.40	99.85	19,969,600.00	0.00	19,969,600.00	AA+	0.34
FEDERAL HOME DISCOUNT NOTE	0.00	02-13-20			3,400,000	99.62	3,387,223.08	99.82	3,393,970.68	0.00	3,393,970.68	AA+	0.06
FANNIE MAE	1.50	02-28-20			19,000,000	100.38	19,072,833.33	99.98	18,996,326.35	97,375.00	19,093,701.35	AA+	0.33
FEDERAL HOME LOAN BANK	1.62	03-03-20			25,000,000	100.00	25,000,000.00	99.99	24,996,918.00	67,500.00	25,064,418.00	AA+	0.43
FEDERAL HOME LOAN BANK	2.37	03-30-20			4,000,000	99.98	3,999,280.00	100.19	4,007,627.92	24,277.78	4,031,905.70	AA+	0.07
FED HOME LOAN MORTG. CORP.	1.37	05-01-20			15,000,000	100.00	14,999,281.25	99.91	14,986,162.50	34,375.00	15,020,537.50	AA+	0.26
FEDERAL HOME LOAN BANK DISCO	0.00	05-08-20			10,000,000	99.22	9,921,512.50	99.45	9,944,613.90	0.00	9,944,613.90	AA+	0.17
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			2,500,000	100.00	2,500,000.00	100.03	2,500,811.77	5,430.56	2,506,242.33	AA+	0.04
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			5,000,000	100.00	5,000,000.00	100.03	5,001,623.55	10,861.11	5,012,484.66	AA+	0.09
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			10,000,000	100.00	10,000,000.00	100.03	10,003,247.10	21,722.22	10,024,969.32	AA+	0.17
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			5,000,000	100.00	5,000,000.00	100.03	5,001,623.55	10,861.11	5,012,484.66	AA+	0.09
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			2,500,000	100.00	2,500,000.00	100.03	2,500,811.77	5,430.56	2,506,242.33	AA+	0.04
FEDERAL HOME LOAN BANK	2.62	05-28-20			19,000,000	99.96	18,993,160.00	100.39	19,074,260.36	45,718.75	19,119,979.11	AA+	0.33
FEDERAL HOME LOAN BANK	2.62	05-28-20			3,520,000	100.57	3,539,930.53	100.39	3,533,757.71	8,470.00	3,542,227.71	AA+	0.06
FEDERAL NATIONAL MORTG. ASSO	1.50	06-22-20			10,000,000	99.65	9,965,100.00	99.93	9,992,971.10	3,750.00	9,996,721.10	AA+	0.17
FEDERAL HOME DISCOUNT NOTE	0.00	07-06-20			10,000,000	99.00	9,900,130.56	99.19	9,918,883.30	0.00	9,918,883.30	AA+	0.17
FEDERAL HOME LOAN BANK	0.00	07-10-20			20,000,000	99.04	19,807,766.67	99.17	19,834,277.80	0.00	19,834,277.80	AA+	0.34

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

December 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
DISCOUN													
FEDERAL NATIONAL MORTG. ASSO	1.80	07-24-20	01-24-20	100.00	25,000,000	99.36	24,838,975.00	100.01	25,002,335.50	196,250.00	25,198,585.50	AA+	0.43
FEDERAL HOME LOAN BANK	1.37	09-28-20			5,000,000	99.68	4,983,950.00	99.82	4,990,843.60	17,760.42	5,008,604.02	AA+	0.09
FEDERAL HOME LOAN BANK	1.37	09-28-20			10,000,000	99.68	9,967,900.00	99.82	9,981,687.20	35,520.83	10,017,208.03	AA+	0.17
FEDERAL HOME LOAN MORTG. COR	1.62	09-29-20			15,000,000	99.82	14,972,850.00	99.99	14,999,063.70	62,291.67	15,061,355.37	AA+	0.26
FEDERAL HOME LOAN BANK	2.62	10-01-20			25,000,000	99.78	24,946,250.00	100.72	25,180,588.75	164,062.50	25,344,651.25	AA+	0.43
FEDERAL HOME LOAN BANK	2.62	10-01-20			20,000,000	101.20	20,239,716.67	100.72	20,144,471.00	131,250.00	20,275,721.00	AA+	0.35
FEDERAL HOME LOAN BANK	1.70	10-29-20	01-29-20	100.00	20,000,000	100.00	20,000,000.00	100.01	20,001,216.20	58,555.56	20,059,771.76	AA+	0.34
FEDERAL HOME LOAN BANK	1.70	10-29-20	01-29-20	100.00	10,000,000	100.00	10,000,000.00	100.01	10,000,608.10	29,277.78	10,029,885.88	AA+	0.17
FEDERAL HOME LOAN MORTG. COR	2.25	11-24-20			5,000,000	100.42	5,021,100.00	100.53	5,026,255.65	11,562.50	5,037,818.15	AA+	0.09
FEDERAL HOME LOAN MORTG. COR	2.25	11-24-20			7,500,000	100.42	7,531,650.00	100.53	7,539,383.47	17,343.75	7,556,727.22	AA+	0.13
FEDERAL HOME LOAN MORTG. COR	2.25	11-24-20			7,500,000	100.42	7,531,650.00	100.53	7,539,383.47	17,343.75	7,556,727.22	AA+	0.13
FEDERAL NATIONAL MORTG. ASSO	1.50	11-30-20			5,000,000	99.91	4,995,350.00	99.97	4,998,258.95	6,250.00	5,004,508.95	AA+	0.09
FEDERAL HOME LOAN BANK	2.25	01-29-21	01-29-20	100.00	5,000,000	100.00	5,000,000.00	100.01	5,000,636.75	47,500.00	5,048,136.75	AA+	0.09
FEDERAL HOME LOAN BANK	2.25	01-29-21	01-29-20	100.00	2,500,000	100.00	2,500,000.00	100.01	2,500,318.37	23,750.00	2,524,068.37	AA+	0.04
FEDERAL FARM CREDIT BANK	2.12	06-07-21			20,000,000	100.23	20,047,000.00	100.80	20,160,522.00	28,333.33	20,188,855.33	AA+	0.35
FEDERAL HOME LOAN BANK	2.25	06-11-21			25,000,000	100.70	25,176,250.00	100.88	25,219,258.75	31,250.00	25,250,508.75	AA+	0.43
FEDERAL HOME LOAN BANK	2.25	06-11-21			30,000,000	100.57	30,169,800.00	100.88	30,263,110.50	37,500.00	30,300,610.50	AA+	0.52
FEDERAL NATIONAL MORTG. ASSO	2.75	06-22-21			25,000,000	99.98	24,994,250.00	101.69	25,422,795.75	17,187.50	25,439,983.25	AA+	0.44
FED FARM CREDIT	2.10	06-24-21	06-24-20	100.00	15,000,000	100.00	15,000,000.00	100.25	15,037,242.30	6,125.00	15,043,367.30	AA+	0.26
FEDERAL HOME LOAN BANK	1.87	07-07-21			25,000,000	99.76	24,940,250.00	100.43	25,107,316.00	226,562.50	25,333,878.50	AA+	0.43
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,647.10	26,093.75	4,988,740.85	AA+	0.09
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,647.10	26,093.75	4,988,740.85	AA+	0.09
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,647.10	26,093.75	4,988,740.85	AA+	0.09
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,647.10	26,093.75	4,988,740.85	AA+	0.09
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,647.10	26,093.75	4,988,740.85	AA+	0.09
FEDERAL NATIONAL MORTG. ASSO	1.25	08-17-21			10,000,000	99.59	9,959,500.00	99.47	9,947,165.00	46,527.78	9,993,692.78	AA+	0.17
FANNIE MAE	2.62	01-11-22			24,300,000	102.68	24,950,966.63	102.02	24,791,695.19	301,218.75	25,092,913.94	AA+	0.43
FEDERAL HOME LOAN BANK	2.12	06-10-22			40,000,000	100.59	40,237,200.00	101.15	40,460,760.00	49,583.33	40,510,343.33	AA+	0.69
FEDERAL HOME LOAN BANK	2.12	06-10-22			25,000,000	100.53	25,132,000.00	101.15	25,287,975.00	30,989.58	25,318,964.58	AA+	0.43
FEDERAL HOME LOAN BANK	5.25	06-10-22			15,000,000	109.41	16,411,200.00	108.66	16,299,371.40	45,937.50	16,345,308.90	AA+	0.28
FANNIE MAE	1.37	09-06-22			25,000,000	99.65	24,913,000.00	99.34	24,835,526.25	109,809.03	24,945,335.28	AA+	0.43
FEDERAL HOME LOAN BANK	2.50	12-09-22			15,000,000	101.86	15,279,300.00	102.48	15,372,374.70	22,916.67	15,395,291.37	AA+	0.26
FEDERAL HOME LOAN BANK	2.12	06-09-23			20,000,000	100.67	20,133,600.00	101.62	20,323,748.40	25,972.22	20,349,720.62	AA+	0.35
FEDERAL HOME LOAN BANK	2.12	06-09-23			10,000,000	100.82	10,081,800.00	101.62	10,161,874.20	12,986.11	10,174,860.31	AA+	0.17
FREDDIE MAC	2.87	02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	100.14	2,503,478.65	24,557.29	2,528,035.94	AA+	0.04
FREDDIE MAC	2.87	02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	100.14	2,503,478.65	24,557.29	2,528,035.94	AA+	0.04
FREDDIE MAC	2.87	02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	100.14	2,503,478.65	24,557.29	2,528,035.94	AA+	0.04
FEDERAL HOME LOAN BANK	2.87	06-14-24			5,000,000	104.25	5,212,300.00	105.00	5,249,771.00	6,788.19	5,256,559.19	AA+	0.09
FANNIE MAE	1.62	10-15-24			38,200,000	99.83	38,134,678.00	99.54	38,025,860.72	131,047.22	38,156,907.94	AA+	0.65
					887,420,000		889,749,547.08		891,709,851.72	2,532,289.79	894,242,141.52		15.30
US INSTRUMENTALITIES													
IBRD DISCOUNT NOTE	0.00	01-02-20			10,000,000	99.05	9,904,902.80	100.00	10,000,000.00	0.00	10,000,000.00	AAA	0.17
IFC DISCOUNT NOTE	0.00	01-03-20			20,000,000	99.74	19,948,333.40	100.00	19,999,161.20	0.00	19,999,161.20	AAA	0.34
IBRD DISCOUNT NOTE	0.00	01-06-20			5,000,000	99.03	4,951,312.50	99.98	4,999,161.10	0.00	4,999,161.10	AAA	0.09

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

December 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
IBRD DISCOUNT NOTE	0.00	01-17-20			10,000,000	99.46	9,946,041.70	99.94	9,993,708.30	0.00	9,993,708.30	AAA	0.17
IBRD DISCOUNT NOTE	0.00	01-21-20			10,000,000	99.44	9,943,986.10	99.92	9,992,030.60	0.00	9,992,030.60	AAA	0.17
IBRD DISCOUNT NOTE	0.00	01-23-20			20,000,000	99.37	19,874,133.40	99.91	19,982,383.40	0.00	19,982,383.40	AAA	0.34
INTERNATIONAL FIN. CORP	0.00	01-24-20			20,000,000	99.78	19,956,111.20	99.91	19,981,544.40	0.00	19,981,544.40	AAA	0.34
IFC DISCOUNT NOTE	0.00	01-29-20			10,000,000	99.61	9,961,186.10	99.89	9,988,675.00	0.00	9,988,675.00	AAA	0.17
INTER-AMERICAN DEVEL. BANK	0.00	01-31-20			10,000,000	99.62	9,961,622.22	99.88	9,987,836.10	0.00	9,987,836.10	AAA	0.17
INTER-AMERICAN DEVEL. BANK	0.00	01-31-20			20,000,000	99.69	19,937,600.00	99.88	19,975,672.20	0.00	19,975,672.20	AAA	0.34
INTER-AMERICAN DEVEL BK	0.00	02-03-20			20,000,000	99.72	19,944,200.00	99.86	19,972,977.80	0.00	19,972,977.80	AAA	0.34
INTER-AMERICAN DEVEL BK	0.00	02-10-20			20,000,000	99.69	19,938,800.00	99.84	19,967,066.60	0.00	19,967,066.60	AAA	0.34
INTER-AMERICAN DEVEL BK	0.00	03-13-20			30,000,000	99.59	29,875,708.20	99.69	29,907,699.90	0.00	29,907,699.90	AAA	0.51
INTL BK RECON & DEVELOP	1.37	03-30-20			30,000,000	100.18	30,053,180.00	99.90	29,971,223.70	103,125.00	30,074,348.70	AAA	0.51
INTL BK RECON & DEVELOP	1.87	04-21-20			10,000,000	99.91	9,991,300.00	100.02	10,002,427.80	36,458.33	10,038,886.13	AAA	0.17
INTERNATIONAL BANK RECON & DEV	0.00	06-05-20			25,000,000	99.25	24,813,395.75	99.32	24,829,930.50	0.00	24,829,930.50	AAA	0.43
INTER-AMERICAN DEVEL BK	1.87	06-16-20			30,000,000	100.12	30,034,800.00	100.05	30,013,636.20	23,437.50	30,037,073.70	AAA	0.52
INTL BK RECON & DEVELOP	1.12	08-10-20			20,000,000	99.90	19,980,776.67	99.60	19,919,317.00	88,125.00	20,007,442.00	AAA	0.34
INTL BK RECON & DEVELOP	1.12	08-10-20			30,000,000	100.07	30,021,113.33	99.60	29,878,975.50	132,187.50	30,011,163.00	AAA	0.51
INTL BK RECON & DEVELOP-FLTR	1.79	08-21-20			15,000,000	100.08	15,012,000.00	100.02	15,002,647.20	365,458.33	15,368,105.53	AAA	0.26
INTL BK RECON & DEVELOP	1.62	09-04-20			5,000,000	99.98	4,998,950.00	99.92	4,996,017.25	26,406.25	5,022,423.50	AAA	0.09
INTL BK RECON & DEVELOP	1.62	09-04-20			20,000,000	100.26	20,052,730.00	99.92	19,984,069.00	105,625.00	20,089,694.00	AAA	0.34
INTL BK RECON & DEVELOP	1.62	09-04-20			9,000,000	100.32	9,028,789.50	99.92	8,992,831.05	47,531.25	9,040,362.30	AAA	0.15
INTERNATIONAL FIN. CORP	1.78	09-25-20			50,000,000	100.00	50,000,000.00	99.99	49,992,703.00	37,123.33	50,029,826.33	AAA	0.86
INTL BK RECON & DEVELOP	1.62	03-09-21			20,000,000	99.85	19,969,400.00	99.94	19,987,200.20	101,111.11	20,088,311.31	AAA	0.34
INTL BK RECON & DEVELOP	1.37	05-24-21			20,000,000	99.74	19,948,000.00	99.62	19,923,879.40	28,263.89	19,952,143.29	AAA	0.34
INTER-AMERICAN DEVEL BK-FRN	2.00	01-15-22			10,000,000	100.00	10,000,000.00	99.85	9,985,000.00	42,240.80	10,027,240.80	AAA	0.17
INTL BK RECON & DEVELOP	2.00	01-26-22			10,000,000	99.46	9,945,700.00	100.72	10,071,634.90	86,111.11	10,157,746.01	AAA	0.17
					509,000,000		507,994,072.87		508,299,409.30	1,223,204.41	509,522,613.71		8.72
FLOATING RATE SECURITIES													
BERKSHIRE HATHAWAY FIN FRN	2.33	01-10-20			10,000,000	100.00	10,000,000.00	100.01	10,001,341.60	53,060.83	10,054,402.43	AA	0.17
WELLS FARGO & COMPANY CB	2.00	03-25-20	02-21-20	100.00	12,000,000	100.00	12,000,000.00	100.02	12,002,117.04	4,000.00	12,006,117.04	AA-	0.21
APPLE INC.-FRN	1.97	05-11-20			5,000,000	100.00	5,000,000.00	100.04	5,002,069.15	13,690.14	5,015,759.29	AA+	0.09
BANK OF NY MELLON CORP.-FRN	2.99	08-17-20			5,000,000	100.00	5,000,000.00	100.52	5,026,110.00	18,295.14	5,044,405.14	A	0.09
TOYOTA MOTOR CREDIT CORP	2.04	08-21-20			7,000,000	99.99	6,998,978.00	100.07	7,004,923.94	15,902.68	7,020,826.62	AA-	0.12
TOYOTA MOTOR CREDIT CORP.-FRN	2.07	09-18-20			10,021,000	99.97	10,018,494.75	100.06	10,026,945.16	7,485.27	10,034,430.43	AA-	0.17
US BANK NA OHIO-FLT	2.21	02-04-21	01-04-21	100.00	8,000,000	100.00	8,000,000.00	100.17	8,013,884.00	28,021.83	8,041,905.83	A+	0.14
JOHN DEERE CAPITAL CORP	2.13	03-12-21			9,925,000	100.08	9,933,237.75	100.06	9,931,185.16	11,142.95	9,942,328.11	A	0.17
UNITED PARCEL SERVICE-FRN	2.47	04-01-21			10,000,000	100.00	10,000,000.00	100.15	10,015,054.90	62,407.80	10,077,462.70	A+	0.17
US BANK NA OHIO-FRN	2.26	04-26-21			10,000,000	100.00	10,000,000.00	100.24	10,024,251.60	379,697.72	10,403,949.32	AA-	0.17
WELLS FARGO BANK NA-FLTR	2.27	05-21-21	05-21-21	100.00	20,000,000	100.00	20,000,000.00	100.08	20,016,450.40	50,547.33	20,066,997.73	A+	0.34
WELLS FARGO BANK NA-FRN	2.43	07-23-21	07-23-20	100.00	13,765,000	100.28	13,803,129.05	100.14	13,784,669.63	64,216.02	13,848,885.65	A+	0.24
WELLS FARGO BANK NA-FRN	2.43	07-23-21	07-23-20	100.00	9,000,000	100.28	9,024,930.00	100.14	9,012,860.64	41,986.50	9,054,847.14	A+	0.15
BANK OF AMERICA CORP.	2.33	10-01-21	10-01-20	100.00	18,000,000	99.02	17,823,780.00	100.28	18,051,287.22	105,924.00	18,157,211.22	A-	0.31
US BANK NA OHIO-FLT	2.55	11-16-21	10-15-21	100.00	10,000,000	100.00	10,000,000.00	100.31	10,030,953.20	31,854.75	10,062,807.95	A+	0.17
WELLS FARGO & COMPANY-FRN-1	2.83	02-11-22	02-11-21	100.00	10,000,000	100.00	10,000,000.00	100.68	10,068,366.30	39,314.31	10,107,680.61	A+	0.17
APPLE INC.-FRN	2.25	05-11-22			7,500,000	100.48	7,536,000.00	100.52	7,538,793.45	23,451.87	7,562,245.32	AA+	0.13
UNITED PARCEL SERVICE-FRN	2.55	05-16-22			5,000,000	100.00	5,000,000.00	100.50	5,024,991.25	48,490.01	5,073,481.26	A+	0.09

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

December 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
					180,211,000		180,138,549.55		180,576,254.64	999,489.15	181,575,743.79		3.10
CORPORATE BONDS													
TOYOTA MOTOR CREDIT CORP	2.20	01-10-20			21,500,000	99.88	21,473,770.00	100.00	21,499,902.82	224,675.00	21,724,577.82	AA-	0.37
CISCO SYSTEMS INC	4.45	01-15-20			20,000,000	101.39	20,278,200.00	100.09	20,017,195.80	410,388.89	20,427,584.69	AA-	0.34
APPLE INC.	1.55	02-07-20			3,400,000	99.15	3,371,100.00	99.96	3,398,680.09	21,372.78	3,420,052.86	AA+	0.06
MICROSOFT CORP.	1.85	02-12-20	01-12-20	100.00	19,000,000	99.83	18,967,510.00	100.00	19,000,138.70	135,718.06	19,135,856.76	AAA	0.33
AMERICAN EXPRESS CREDIT CORP.	2.20	03-03-20	02-01-20	100.00	10,000,000	99.57	9,957,359.00	100.00	9,999,872.00	72,111.11	10,071,983.11	A-	0.17
CHEVRON CORP.-FRN	1.96	03-03-20	02-03-20	100.00	7,183,000	98.65	7,086,029.50	99.98	7,181,725.95	10,955.67	7,192,681.62	AA	0.12
BANK OF AMERICA CORP	5.62	07-01-20			12,000,000	103.36	12,403,428.00	101.83	12,220,175.64	337,500.00	12,557,675.64	A+	0.21
JOHN DEERE CAPITAL CORP.	2.37	07-14-20			11,035,000	99.67	10,999,025.90	100.27	11,064,352.66	121,576.58	11,185,929.24	A	0.19
ORACLE CORP.	3.87	07-15-20			5,000,000	101.61	5,080,400.00	100.97	5,048,338.70	89,340.28	5,137,678.98	AA-	0.09
ORACLE CORP.	3.87	07-15-20			5,909,000	101.48	5,996,216.84	100.97	5,966,126.68	105,582.34	6,071,709.02	AA-	0.10
ORACLE CORP.	3.87	07-15-20			10,000,000	101.65	10,164,900.00	100.97	10,096,677.40	178,680.56	10,275,357.96	AA-	0.17
HSBC USA INC.	2.75	08-07-20			11,310,000	100.07	11,317,917.00	100.43	11,358,754.02	123,395.79	11,482,149.81	A	0.19
PACCAR FINL. GROUP	2.50	08-14-20			11,500,000	99.84	11,481,140.00	100.38	11,543,405.60	109,409.72	11,652,815.32	A+	0.20
BANK OF NY MELLON CORP	2.60	08-17-20			18,450,000	99.76	18,405,535.50	100.40	18,524,562.91	178,555.00	18,703,117.91	A+	0.32
BANK OF NY MELLON CORP	2.60	08-17-20			13,162,000	100.27	13,197,800.64	100.40	13,215,192.25	127,378.91	13,342,571.16	A+	0.23
STATE STREET CORP	2.55	08-18-20			15,000,000	99.96	14,993,550.00	100.40	15,059,778.75	141,312.50	15,201,091.25	A	0.26
AMAZON.COM INC.	1.90	08-21-20			10,000,000	99.21	9,921,100.00	100.09	10,009,076.80	68,611.11	10,077,687.91	AA-	0.17
AMERICAN EXPRESS CREDIT CORP.	2.60	09-14-20	08-14-20	100.00	10,000,000	99.81	9,981,500.00	100.37	10,036,817.50	77,277.78	10,114,095.28	A-	0.17
AMERICAN EXPRESS CREDIT CORP.	2.60	09-14-20	08-14-20	100.00	14,000,000	99.90	13,986,560.00	100.37	14,051,544.50	108,188.89	14,159,733.39	A-	0.24
AMERICAN HONDA FINANCE CORP	2.45	09-24-20			7,000,000	99.80	6,986,210.00	100.35	7,024,695.23	46,209.72	7,070,904.95	A	0.12
VISA INC.	2.20	12-14-20	11-16-20	100.00	10,000,000	99.67	9,967,400.00	100.40	10,039,827.40	10,388.89	10,050,216.29	AA-	0.17
AMERICAN HONDA FINANCE	3.15	01-08-21			10,000,000	100.89	10,089,000.00	101.31	10,130,670.10	151,375.00	10,282,045.10	A	0.17
WELLS FARGO & COMPANY CB	2.60	01-15-21			20,000,000	98.77	19,753,600.00	100.70	20,140,246.20	239,777.78	20,380,023.98	A+	0.35
WELLS FARGO & COMPANY CB	2.60	01-15-21			4,000,000	99.63	3,985,400.00	100.70	4,028,049.24	47,955.56	4,076,004.80	A+	0.07
WELLS FARGO & COMPANY CB	2.60	01-15-21			11,000,000	99.63	10,959,740.00	100.70	11,077,135.41	131,877.78	11,209,013.19	A+	0.19
US BANK CORP	2.35	01-29-21	12-29-20	100.00	20,000,000	99.64	19,928,000.00	100.55	20,110,310.80	198,444.44	20,308,755.24	A+	0.35
US BANK NA OHIO	3.00	02-04-21	01-04-21	100.00	10,000,000	99.92	9,991,900.00	101.20	10,120,062.80	122,500.00	10,242,562.80	A+	0.17
CISCO SYSTEM INC	2.20	02-28-21			22,018,000	100.14	22,049,705.92	100.59	22,146,877.96	165,501.97	22,312,379.93	AA-	0.38
EXXON MOBIL CORP.	2.22	03-01-21	02-01-21	100.00	15,000,000	99.59	14,938,500.00	100.59	15,088,543.95	111,100.00	15,199,643.95	AA+	0.26
WELLS FARGO & COMPANY	2.50	03-04-21			10,000,000	99.30	9,930,200.00	100.72	10,071,856.90	81,250.00	10,153,106.90	A+	0.17
WELLS FARGO & COMPANY	2.50	03-04-21			10,000,000	99.33	9,932,600.00	100.72	10,071,856.90	81,250.00	10,153,106.90	A+	0.17
UNITED PARCEL SERVICE	2.05	04-01-21			20,000,000	99.84	19,968,400.00	100.27	20,053,559.80	102,500.00	20,156,059.80	A+	0.34
BANK OF NEW YORK MELLON CORP.	2.50	04-15-21	03-15-21	100.00	20,000,000	99.70	19,941,000.00	100.69	20,138,307.20	106,944.44	20,245,251.64	A	0.35
BANK OF NEW YORK	2.05	05-03-21	04-05-21	100.00	10,000,000	98.51	9,850,800.00	100.32	10,031,810.50	33,027.78	10,064,838.28	A+	0.17
PACCAR FINL. GROUP	3.10	05-10-21			5,045,000	100.81	5,085,864.50	101.75	5,133,351.67	22,155.96	5,155,507.63	A+	0.09
CATERPILLAR FINANCIAL SERVICE	2.65	05-17-21			9,715,000	99.95	9,710,336.80	101.14	9,826,133.58	31,465.81	9,857,599.38	A	0.17
PFIZER INC	1.95	06-03-21			10,000,000	98.94	9,893,700.00	100.46	10,046,454.40	15,166.67	10,061,621.07	AA	0.17
WELLS FARGO BANK NA	3.32	07-23-21	07-23-20	100.00	5,000,000	100.56	5,028,000.00	100.78	5,039,150.45	72,965.28	5,112,115.73	A+	0.09
JP MORGAN CHASE & CO.	4.35	08-15-21			20,000,000	103.46	20,692,200.00	103.85	20,770,415.40	328,666.67	21,099,082.07	A-	0.36
ORACLE CORP	1.90	09-15-21	08-15-21	100.00	20,000,000	98.43	19,685,800.00	100.21	20,041,903.80	111,888.89	20,153,792.69	AA-	0.34
CISCO SYSTEMS INC.	1.85	09-20-21	08-20-21	100.00	23,337,000	98.48	22,981,344.12	100.07	23,352,980.71	121,125.51	23,474,106.22	AA-	0.40
3M COMPANY	2.75	03-01-22			10,000,000	99.95	9,995,300.00	101.81	10,181,358.00	91,666.67	10,273,024.67	AA-	0.17
CHEVRON CORP.	2.50	03-03-22	02-03-22	100.00	16,629,000	99.83	16,601,063.28	101.68	16,907,579.48	136,156.40	17,043,735.89	AA	0.29

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

December 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
IBM CORP.	2.85	05-13-22			25,000,000	102.12	25,530,312.50	102.26	25,565,558.75	91,041.67	25,656,600.42	A	0.44
PROCTER & GAMBLE	2.15	08-11-22			20,000,000	100.01	20,002,200.00	101.15	20,230,690.80	167,222.22	20,397,913.02	AA-	0.35
EXXON MOBIL CORP.	1.90	08-16-22			4,325,000	100.00	4,325,000.00	100.55	4,348,873.31	30,848.06	4,379,721.37	AA+	0.07
APPLE INC	1.70	09-11-22			9,465,000	99.98	9,463,390.95	99.93	9,458,341.28	49,165.42	9,507,506.69	AA+	0.16
TOYOTA MOTOR CREDIT CORP.	2.70	01-11-23			10,000,000	101.81	10,180,950.00	102.05	10,204,638.10	127,500.00	10,332,138.10	AA-	0.18
GOLDMAN SACHS GROUP INC**	3.62	01-22-23			10,000,000	104.44	10,444,238.89	104.15	10,415,288.00	160,104.17	10,575,392.17	BBB+	0.18
PACCAR FINANCIAL CORP.	1.90	02-07-23			15,000,000	99.99	14,999,250.00	100.13	15,019,977.00	114,000.00	15,133,977.00	A+	0.26
BB&T CORP.	2.20	03-16-23			10,000,000	99.93	9,992,600.00	100.66	10,066,426.80	64,166.67	10,130,593.47	A-	0.17
UNITED HEALTH GROUP INC.	3.50	06-15-23			4,700,000	104.79	4,925,177.00	104.77	4,924,310.37	7,311.11	4,931,621.48	A+	0.08
CHARLES SCHWAB CORP	3.55	02-01-24			10,000,000	106.52	10,651,569.44	105.52	10,551,772.00	147,916.67	10,699,688.67	A	0.18
BANK OF NY MELLON CORP.	3.65	02-04-24			5,000,000	106.69	5,334,406.94	106.35	5,317,348.75	74,520.83	5,391,869.58	A	0.09
AMERICAN EXPRESS CO**	3.40	02-22-24	01-22-24	100.00	10,000,000	103.82	10,382,500.00	104.61	10,461,086.70	121,833.33	10,582,920.03	BBB+	0.18
BANK OF AMERICA CORP.	4.00	04-01-24			10,000,000	106.68	10,668,400.00	107.11	10,710,832.40	100,000.00	10,810,832.40	A-	0.18
CATERPILLAR FINANCIAL SERVICE	2.85	05-17-24			4,785,000	102.97	4,927,018.80	103.41	4,948,139.26	16,667.75	4,964,807.01	A	0.08
AMERICAN HONDA FINANCE	2.40	06-27-24			10,000,000	99.55	9,954,600.00	101.12	10,111,917.00	2,666.67	10,114,583.67	A	0.17
GOLDMAN SACHS GROUP INC.**	3.85	07-08-24	04-08-24	100.00	9,500,000	107.27	10,190,486.39	105.77	10,048,120.36	175,763.19	10,223,883.55	BBB+	0.17
BANK OF AMERICA CORP.	3.86	07-23-24			5,000,000	106.79	5,339,450.00	105.24	5,261,911.60	84,793.33	5,346,704.93	A-	0.09
US BANCORP	2.40	07-30-24	06-28-24	100.00	10,000,000	99.92	9,992,433.33	101.39	10,139,204.60	100,000.00	10,239,204.60	A-	0.17
BB&T CORP.	2.50	08-01-24	07-01-24	100.00	15,000,000	99.91	14,986,000.00	101.32	15,197,522.55	156,250.00	15,353,772.55	A-	0.26
PACCAR FINANCIAL CORP.	2.15	08-15-24			8,000,000	100.16	8,012,471.11	99.91	7,992,924.08	64,977.78	8,057,901.86	A+	0.14
UNITED HEALTH GROUP INC.	2.37	08-15-24			5,000,000	100.81	5,040,322.92	101.33	5,066,345.30	44,861.11	5,111,206.41	A+	0.09
WALT DISNEY CO.	1.75	08-30-24	07-30-20	100.00	9,115,000	99.59	9,077,810.80	99.24	9,045,831.92	54,500.10	9,100,332.02	A	0.16
PNC FINANCIAL SERVICES	2.20	11-01-24			5,000,000	100.01	5,000,488.89	100.37	5,018,582.85	18,333.33	5,036,916.18	A-	0.09
PNC FINANCIAL SERVICES	2.20	11-01-24			10,000,000	99.82	9,981,744.44	100.37	10,037,165.70	36,666.67	10,073,832.37	A-	0.17
CATERPILLAR FINL SERVICE	2.15	11-08-24			10,000,000	99.84	9,983,980.56	100.41	10,040,739.70	31,652.78	10,072,392.48	A	0.17
					792,083,000		796,395,909.96		801,049,005.81	7,246,155.02	808,295,160.83		13.75
MONEY MARKET FUNDS													
DREYFUS	1.44	01-02-20			18,846	100.00	18,845.62	100.00	18,845.62	0.00	18,845.62	AAA	0.00
ASSET BACKED SECURITIES													
TOYOTA AUTO RECEIVABLES	2.60	11-15-24			14,260,000	102.02	14,547,428.13	101.23	14,435,932.75	16,478.22	14,452,410.97	AAA	0.25
MUNICIPAL BONDS													
CALIFORNIA STATE TAXBL	3.40	08-01-23			10,000,000	104.35	10,434,900.00	104.97	10,497,000.00	141,666.67	10,638,666.67	AA-	0.18
SAN DIEGO CCD	2.00	08-01-23			5,790,000	100.00	5,790,000.00	100.04	5,792,258.10	48,153.50	5,840,411.60	AAA	0.10
CHAFFEY JT UN HSD	2.10	08-01-24			1,860,000	100.00	1,860,000.00	99.83	1,856,800.80	2,822.34	1,859,623.14	AA-	0.03
					17,650,000		18,084,900.00		18,146,058.90	192,642.51	18,338,701.41		0.31
TOTAL PORTFOLIO					**5,783,685,846**		**5,822,650,912.58**		**5,827,819,003.69**	**29,270,341.17**	**5,857,089,344.86**		**100.00**

GOLDMAN SACHS GROUP INC** - Moody's/Fitch Rating: A3/A
AMERICAN EXPRESS CO**- Moody's/Fitch Rating: A3/A

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

DIVERSIFICATION BY ISSUER

	Cert. of Deposit	Comm. Papers	Corp. Floaters	Corp. Bonds	Municipalities	ABS	Total Par Value	Total %
3M Company				$10,000,000			$10,000,000	0.17%
Amazon				$10,000,000			$10,000,000	0.17%
American Express				$44,000,000			$44,000,000	0.76%
American Honda Finance				$27,000,000			$27,000,000	0.47%
Apple Inc.			$12,500,000	$12,865,000			$25,365,000	0.44%
Bank of America			$18,000,000	$27,000,000			$45,000,000	0.78%
Bank of Montreal	$11,478,000						$11,478,000	0.20%
Bank of New York			$5,000,000	$66,612,000			$71,612,000	1.24%
Bank of Nova Scotia	$35,000,000						$35,000,000	0.61%
BB&T Corporation				$25,000,000			$25,000,000	0.43%
Berkshire Hathaway			$10,000,000				$10,000,000	0.17%
CA Municipal Obligation					$10,000,000		$10,000,000	0.17%
Can. Imperial Holding	$45,000,000						$45,000,000	0.78%
Caterpillar				$24,500,000			$24,500,000	0.42%
Chaffey JT Union HSD					$1,860,000		$1,860,000	0.03%
Charles Schwab Corp.				$10,000,000			$10,000,000	0.17%
Chevron				$23,812,000			$23,812,000	0.41%
Cisco Systems				$65,355,000			$65,355,000	1.13%
Citibank	$25,000,000						$25,000,000	0.43%
Cooperatieve Rabobank	$25,000,000						$25,000,000	0.43%
Credit Agricole	$25,000,000	$25,000,000					$50,000,000	0.86%
DNB ASA	$25,000,000						$25,000,000	0.43%
Exxon Mobil				$19,325,000			$19,325,000	0.33%
Goldman Sachs				$19,500,000			$19,500,000	0.34%
HSBC Bank USA	$10,000,000			$11,310,000			$21,310,000	0.37%
IBM Corp.				$25,000,000			$25,000,000	0.43%
John Deere			$9,925,000	$11,035,000			$20,960,000	0.36%
JP Morgan				$20,000,000			$20,000,000	0.35%
Microsoft				$19,000,000			$19,000,000	0.33%
MUFG Union Bank		$50,000,000					$50,000,000	0.86%
National Australia Bank	$25,000,000						$25,000,000	0.43%
Nordea Bank APB NY	$75,000,000						$75,000,000	1.30%
Oracle				$40,909,000			$40,909,000	0.71%
Paccar Financial Group				$39,545,000			$39,545,000	0.68%
Pfizer Inc.				$10,000,000			$10,000,000	0.17%
PNC Financial Services				$15,000,000			$15,000,000	0.26%
Proctor & Gamble				$20,000,000			$20,000,000	0.35%
San Diego CA CCD					$5,790,000		$5,790,000	0.10%
Skandinaviska Enskilda BK NY	$50,000,000						$50,000,000	0.86%
Societe Generale	$60,500,000						$60,500,000	1.05%
State Street Bank				$15,000,000			$15,000,000	0.26%
Sumitomo Mitsui Bank Corp.	$25,000,000						$25,000,000	0.43%
Svenska Handelsbanken	$25,000,000						$25,000,000	0.43%
Swedbank	$20,000,000						$20,000,000	0.35%
Toronto Dominion Bank	$20,000,000						$20,000,000	0.35%
Toyota Motor Company			$17,021,000	$31,500,000		$14,260,000	$62,781,000	1.09%
United Health Group Inc.				$9,700,000			$9,700,000	0.17%
United Parcel Service			$15,000,000	$20,000,000			$35,000,000	0.61%
US Bank			$28,000,000	$40,000,000			$68,000,000	1.18%
Visa Inc.				$10,000,000			$10,000,000	0.17%
Walt Disney Co.				$9,115,000			$9,115,000	0.16%
Wells Fargo			$64,765,000	$60,000,000			$124,765,000	2.16%
Total	**$501,978,000**	**$75,000,000**	**$180,211,000**	**$792,083,000**	**$17,650,000**	**$14,260,000**	**$1,581,182,000**	**27.34%**

Cash Flow Projection

	2020												Grand Total
	Qtr3			Qtr4			Qtr1			Qtr2			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Cash In	$ 317,674	$ 301,129	$ 479,019	$ 880,102	$ 194,413	$ 260,898	$ 184,720	$ 325,292	$ 235,484	$ 530,069	$ 701,222	$ 938,835	$ 5,348,856
Taxes	$ 88,806	$ 114,197	$ 270,915	$ 666,357	$ 21,781	$ 16,830	$ 13,395	$ 115,893	$ 14,299	$ 292,778	$ 533,173	$ 742,430	$ 2,890,855
Mixed	$ 43,326	$ 64,848	$ 158,839	$ 443,774	$ 16,371	$ 15,189	$ 9,159	$ 101,615	$ 14,295	$ 113,534	$ 311,451	$ 431,401	$ 1,723,802
Secured	$ 45,480	$ 47,246	$ 112,076	$ 222,583	$ 5,410	$ 1,441	$ 3,800	$ -	$ 0	$ 177,940	$ 221,694	$ 310,646	$ 1,148,315
Supplemental	$ -	$ 954	$ -	$ -	$ -	$ 200	$ 122	$ 9,006	$ -	$ 1,265	$ 28	$ 35	$ 11,610
Unsecured	$ -	$ 1,149	$ -	$ -	$ -	$ -	$ 315	$ 5,273	$ 4	$ 39	$ -	$ 348	$ 7,128
Treasurer's Collection	$ 131,099	$ 89,042	$ 105,701	$ 116,918	$ 96,082	$ 160,918	$ 98,697	$ 141,360	$ 113,821	$ 148,080	$ 143,308	$ 134,069	$ 1,479,094
Treasurer's Deposit	$ 62,726	$ 69,321	$ 80,427	$ 63,377	$ 79,806	$ 132,832	$ 64,518	$ 119,160	$ 78,202	$ 74,606	$ 117,774	$ 89,434	$ 1,032,184
Hospital	$ 40,642	$ 13,736	$ 16,255	$ 41,061	$ 9,953	$ 12,047	$ 14,868	$ 12,650	$ 18,355	$ 62,630	$ 10,470	$ 25,832	$ 278,498
Housing Authority	$ 4,927	$ 3,984	$ 3,294	$ 3,333	$ 3,549	$ 4,759	$ 8,107	$ 2,458	$ 2,332	$ 2,048	$ 3,402	$ 3,400	$ 45,592
Revenue Services	$ 237	$ 258	$ 173	$ 214	$ 174	$ 193	$ 857	$ 234	$ 206	$ 310	$ 217	$ 149	$ 3,223
County	$ 10,898	$ -	$ 3,650	$ 7,580	$ -	$ 102	$ 1,460	$ 500	$ 7,741	$ 5,747	$ 9,772	$ 11,444	$ 58,895
School	$ 11,669	$ 1,743	$ 1,902	$ 1,352	$ 2,599	$ 10,986	$ 8,886	$ 6,358	$ 6,985	$ 2,739	$ 1,673	$ 3,809	$ 60,702
State Apportionment	$ 86,086	$ 90,953	$ 91,342	$ 92,953	$ 72,878	$ 81,025	$ 62,843	$ 59,701	$ 104,928	$ 87,708	$ 21,555	$ 59,907	$ 911,880
Investment Income	$ 11,684	$ 6,937	$ 11,061	$ 3,874	$ 3,672	$ 2,125	$ 9,785	$ 8,338	$ 2,435	$ 1,503	$ 3,185	$ 2,429	$ 67,027
Cash Out	$ (444,411)	$ (393,406)	$ (482,661)	$ (524,966)	$ (323,403)	$ (611,224)	$ (550,617)	$ (419,973)	$ (438,190)	$ (449,107)	$ (346,968)	$ (647,479)	$ (5,632,406)
Wire Requests	$ (40,220)	$ (47,397)	$ (102,944)	$ (60,602)	$ (66,938)	$ (138,038)	$ (97,846)	$ (40,267)	$ (64,136)	$ (62,394)	$ (62,581)	$ (122,937)	$ (906,302)
Bond Payment	$ (14,042)	$ (22,659)	$ (25,218)	$ (2,436)	$ -	$ (48,040)	$ (47,316)	$ (81,424)	$ (94,003)	$ (5,733)	$ -	$ -	$ (340,871)
Department Exp.	$ (23,692)	$ (28,754)	$ (30,319)	$ (27,393)	$ (22,886)	$ (34,775)	$ (71,331)	$ (21,570)	$ (19,902)	$ (43,832)	$ (27,143)	$ (33,846)	$ (385,444)
Housing Authority	$ (5,355)	$ (4,285)	$ (3,329)	$ (4,977)	$ (4,450)	$ (4,248)	$ (5,854)	$ (4,993)	$ (2,302)	$ (24,627)	$ (6,398)	$ (3,251)	$ (74,071)
Retirement	$ (929)	$ (368)	$ (2,371)	$ (187)	$ (250)	$ (602)	$ (40,255)	$ (291)	$ (423)	$ (126)	$ (472)	$ (266)	$ (46,538)
Other	$ (17,408)	$ (24,101)	$ (24,620)	$ (22,229)	$ (18,186)	$ (29,925)	$ (25,222)	$ (16,286)	$ (17,177)	$ (19,079)	$ (20,273)	$ (30,329)	$ (264,834)
Payroll	$ (154,989)	$ (148,187)	$ (170,463)	$ (155,371)	$ (101,079)	$ (220,622)	$ (140,376)	$ (134,808)	$ (153,945)	$ (193,760)	$ (131,801)	$ (203,721)	$ (1,909,122)
County	$ (69,428)	$ (50,586)	$ (57,544)	$ (50,243)	$ (32,781)	$ (82,887)	$ (72,663)	$ (49,244)	$ (48,014)	$ (88,632)	$ (73,766)	$ (73,347)	$ (749,136)
School	$ (56,665)	$ (72,316)	$ (80,107)	$ (72,508)	$ (42,588)	$ (101,899)	$ (37,444)	$ (53,800)	$ (74,842)	$ (72,015)	$ (31,814)	$ (89,969)	$ (785,967)
Retirement	$ (19,413)	$ (19,322)	$ (19,256)	$ (19,216)	$ (19,162)	$ (19,486)	$ (19,323)	$ (19,017)	$ (19,281)	$ (19,358)	$ (19,258)	$ (19,291)	$ (231,384)
SMCCCD	$ (9,484)	$ (5,963)	$ (13,554)	$ (13,404)	$ (6,548)	$ (16,349)	$ (10,946)	$ (12,747)	$ (11,808)	$ (13,754)	$ (6,964)	$ (21,113)	$ (142,634)
Controller's	$ (169,664)	$ (90,139)	$ (89,634)	$ (220,643)	$ (64,929)	$ (92,730)	$ (114,396)	$ (61,855)	$ (57,589)	$ (67,480)	$ (72,318)	$ (221,856)	$ (1,323,232)
School Vendors	$ (36,329)	$ (46,810)	$ (53,160)	$ (49,700)	$ (59,852)	$ (70,654)	$ (69,270)	$ (75,059)	$ (44,926)	$ (68,892)	$ (46,209)	$ (51,806)	$ (672,668)
SMCCCD	$ (5,474)	$ (9,460)	$ (10,923)	$ (8,820)	$ (7,718)	$ (6,364)	$ (10,082)	$ (4,990)	$ (3,689)	$ (7,017)	$ (6,916)	$ (13,314)	$ (94,767)
Net Cash Flow	$ (126,736)	$ (92,277)	$ (3,643)	$ 355,135	$ (128,989)	$ (350,327)	$ (365,897)	$ (94,681)	$ (202,707)	$ 80,962	$ 354,254	$ 291,357	$ (283,549)
Maturity	$ 188,500	$ 191,400	$ 85,000	$ 10,000	$ 83,520	$ 74,650	$ 70,000	$ 180,000	$ 99,000	$ 57,000	$ -	$ -	$ 1,039,070
Callable	$ 49,000	$ -	$ -	$ -	$ 20,000	$ 15,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 84,000

Figures may not total to net figures due to rounding. Maturities exclude overnight vehicles and PFM held Securities. Please note: Securities held by PFM are readily available upon direction of the Treasurer.

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX G has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Refunding Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Refunding Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Refunding Bonds, "Issuer" means the District, and "Agent" means the Paying Agent. The District notes that it will issue one fully registered certificate for each maturity of the Refunding Bonds in the principal amount of such maturity, and suggests that this is what the first numbered paragraph below intends to convey.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for each issue of the Securities, each 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 securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of

each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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 any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from 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, 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 depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. 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.